


Canadian Food Inspection Agency

Performance Report

For the period ending 31 March 2005

Approved:

A handwritten signature in black ink, consisting of a stylized first name and a more complex, cursive last name.

The Honourable Andy Mitchell, PC, MP
Minister of Agriculture and Agri-Food



Canadian Food
Inspection Agency

Agence canadienne
d'inspection des aliments

Performance Report



Canada 

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Part 1: Overview



1.1 Minister's Message

I am pleased to submit to Parliament the Performance Report for the Canadian Food Inspection Agency (CFIA), covering the period from April 1, 2004 to March 31, 2005.

In May 2005, the CFIA received approval from the Treasury Board Secretariat (TBS) to consolidate the CFIA Annual Report with the Performance Report (Order in Council 05-929). Since information contained in the Annual Report will now be included in the Performance Report, there will be no loss of disclosure to Parliament.

This was a period of both challenges and achievements for the Agency as it carried out its mandate to safeguard Canada's food supply, protect the health of Canada's livestock, and protect Canada's crop and forest resources.

Among these challenges was the discovery of two new cases of bovine spongiform encephalopathy in Canada. However, due to widespread confidence in the CFIA's advanced control measures, Canada has regained full or partial access to 17 international markets for live animals and meat since the first domestic case was discovered in 2003. In July of 2005, the U.S. market opened to live cattle. Other challenges included attempts to control the Emerald Ash Borer and significant measures to arrest the spread of other invasive insects such as the Asian Long-horned Beetle.

Throughout this period, Canadians have remained confident in the food safety system and the animal health and plant protection measures that support it. This is due, in large part, to the thoroughness and

effectiveness of the CFIA's response to these issues, and the openness and transparency with which it explained its processes and procedures.

At the same time, the Agency has also maintained an effective regulatory system, based upon partnerships with other federal departments and agencies, provincial and territorial governments, producers, processors and distributors of food, health professionals, and consumers. These partnerships create a strong system of regulatory governance — a system supported by the CFIA's capacity for inspection and enforcement.

Canada has a global reputation for safe and high-quality food and agricultural products. To a large degree, that reputation has been founded upon sound science and effective regulatory oversight. The CFIA endeavours to protect the health of Canadians and to safeguard our agricultural and forestry resources. The Agency's capacity to meet challenges in this context has been tested and proven.

All Canadians benefit from the services the Agency provides. As the Minister responsible for the Canadian Food Inspection Agency, I am committed to building upon the CFIA's solid reputation as Canada's science-based regulator of food, animals and plants.

A handwritten signature in black ink, appearing to read 'Andy Mitchell', written over a horizontal line.

The Honourable Andy Mitchell, PC, MP
Minister of Agriculture and Agri-Food



1.2 President's Message

As the incoming President, I am pleased to present the Canadian Food Inspection Agency's Departmental *Performance Report* covering the period of April 1, 2004 to March 31, 2005.

This past year has been one of significant challenges and successes for the CFIA. With an increase in demand for the Agency's services, the CFIA remains steadfast in fulfilling its mandate of safeguarding Canada's food supply, as well as that of the plants and animals on which safe and high-quality food depends.

Food safety is and continues to be the Agency's top priority. Based on this principle, the CFIA has been successful in its work with the food industry to improve and maintain compliance in areas regulated by the Agency.

The CFIA continued its efforts to limit the spread of bovine spongiform encephalopathy (BSE) by increasing surveillance and testing of high-risk cattle. Subsequently, the CFIA surpassed its targets for surveillance testing. As well, a number of countries have reviewed Canada's BSE status and determined it to be equivalent to the minimum risk standard established by the World Organisation for Animal Health.

The Agency has also taken measures to update a number of regulations to improve its effectiveness and efficiency in line with the Government of Canada's Smart Regulation Strategy. The CFIA continues to work co-operatively with other federal and provincial departments and

agencies, producers, processors and distributors of food, health professionals, consumers and international partners. Through these partnerships, the Agency resolved a number of bilateral and multilateral issues.

Based on its surveillance and control programs for preventing the entry and spread of plant and animal diseases, the CFIA found no evidence of any new diseases entering into Canada. The Agency was also effective in controlling the spread of most established diseases and pests.

With respect to emergency preparedness, the CFIA continued its work on a number of special initiatives and ongoing activities in order to maintain and improve its capacity to respond quickly and effectively should an emergency arise. During the year, the CFIA examined how it managed the avian influenza emergency of 2003-04, learning valuable lessons that will help the Agency prepare for emergencies in the future.

The CFIA can be proud of the work it has accomplished in this period of time, and I look forward to leading the Agency's dedicated, competent and professional team in serving the people of Canada.

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François Guimont

President

1.3 Agency Overview

The CFIA's mandate

The Canadian Food Inspection Agency (CFIA) is mandated to safeguard Canada's food supply and the plants and animals upon which safe, high-quality food depends.

In carrying out this mandate, the CFIA is committed to serving Canadians by providing protection from preventable health risks, delivering a fair and effective regulatory regime, sustaining the plant and animal resource base, promoting the security of Canada's food supply and agricultural and forestry resource base, and managing the Agency effectively.

The CFIA is Canada's largest science-based regulatory agency. The Agency regularly relies on input and advice from its own and other scientific experts when developing, reviewing and improving regulations, international standards, and policies and programs for inspecting, testing and responding to emergencies.

The CFIA is responsible for administering or enforcing 13 federal Acts and their regulations. Through inspections and other related services — including product and processing plant inspections, export certification and import controls — the Agency develops policies for agricultural inputs, and animal and plant health; and it verifies and enforces compliance with all 13 pieces of legislation. The CFIA's regulatory powers extend to agriculture, agri-food, fish, seafood, horticulture and forestry. The Agency either inspects or certifies products ranging from agricultural inputs (such as seeds, feeds and fertilizers) to animals, plants and foods. Foods include meat, fish, eggs, dairy products, fruit and vegetables, along with processed and packaged foods.

The CFIA works in close partnership with other organizations. All share responsibility for setting or enforcing standards that support the integrity of Canada's systems for protecting food safety, animal

health and plants. More specifically, its partners include provincial, territorial, and municipal authorities, and other federal government departments. For example, in the area of food safety, Health Canada and the CFIA share unique and complementary roles and responsibilities. The Minister of Health is responsible for establishing policies and standards relating to the safety and nutritional quality of food sold in Canada and for assessing the effectiveness of the Agency's activities related to food safety. The CFIA is responsible for all food inspection, compliance and enforcement activities. It is also responsible for developing regulations and policies related to food labelling and standards for foods.

THE CFIA'S LEGISLATIVE AUTHORITY

- *Agriculture and Agri-Food Administrative Monetary Penalties Act*
- *Canada Agricultural Products Act*
- *Canadian Food Inspection Agency Act*
- *Consumer Packaging and Labelling Act**
- *Feeds Act*
- *Fertilizers Act*
- *Fish Inspection Act*
- *Food and Drugs Act**
- *Health of Animals Act*
- *Meat Inspection Act*
- *Plant Breeders' Rights Act*
- *Plant Protection Act*
- *Seeds Act*

* As it relates to food

THE CFIA'S KEY FEDERAL PARTNERS INCLUDE:

- ▶ HEALTH CANADA
- ▶ AGRICULTURE AND AGRI-FOOD CANADA
- ▶ PUBLIC HEALTH AGENCY OF CANADA
- ▶ PUBLIC SAFETY AND EMERGENCY PREPAREDNESS CANADA, INCLUDING:
 - CANADA BORDER SERVICES AGENCY
 - CRITICAL INFRASTRUCTURE PROTECTION AND EMERGENCY PREPAREDNESS
- ▶ FISHERIES AND OCEANS CANADA
- ▶ NATURAL RESOURCES CANADA, INCLUDING:
 - CANADIAN FORESTRY SERVICE
- ▶ FOREIGN AFFAIRS CANADA
- ▶ INTERNATIONAL TRADE CANADA
- ▶ ENVIRONMENT CANADA, INCLUDING:
 - CANADIAN WILDLIFE SERVICE
- ▶ CANADA REVENUE AGENCY
- ▶ CANADIAN GRAIN COMMISSION



The CFIA also works closely with the industries that it regulates, and with associations representing consumers, public health, animal welfare and environmental interests, among others. Finally, the Agency leads or participates in a number of international agreements and international standard-setting organizations, and arrangements in support of Canada's regulatory objectives.

Supporting government priorities

In carrying out its mandate, the CFIA has established five strategic goals, which are outlined in the Agency's *Corporate Business Plan 2003–08*. Table 1.1 shows how each goal directly contributes to achieving specific government priorities.

The CFIA's Senior Executive Structure

The CFIA is headed by a President, who is the Chief Executive Officer of the Agency. He supervises and directs Agency work and staff. The President reports to the Minister of Agriculture and Agri-Food Canada (AAFC). An Executive Vice-President supports the President in his role.

There are two Vice Presidents (VPs), who are responsible for the delivery of the Agency's programs.

- The VP Science Branch supports the CFIA's business objectives through laboratory science, risk assessments, technology development and research.
- The VP Operations is responsible for administering and enforcing the Agency's various Acts and regulations.

Three other VPs, five Executive Directors and a Chief Veterinary Officer provide policy and corporate support for the delivery of the Agency's mandate. They cover functions such as policy development and program design, human resources, corporate services, legal

Table 1.1: CFIA Contributions to Government of Canada Priorities

Government of Canada Priority ¹	CFIA Contribution
• Public health	• Protecting Canadians from preventable health risks
• Economic growth	• Delivering a fair and effective regulatory regime
• Environmental protection	• Sustaining the plant and animal resource base
• Public security	• Promoting the security of Canada’s food supply and agricultural resource base
• Good governance	• Providing sound agency management

services, emergency preparedness, parliamentary and regulatory coordination, international affairs, corporate planning, reporting and accountability, and public affairs.

The CFIA’s workforce

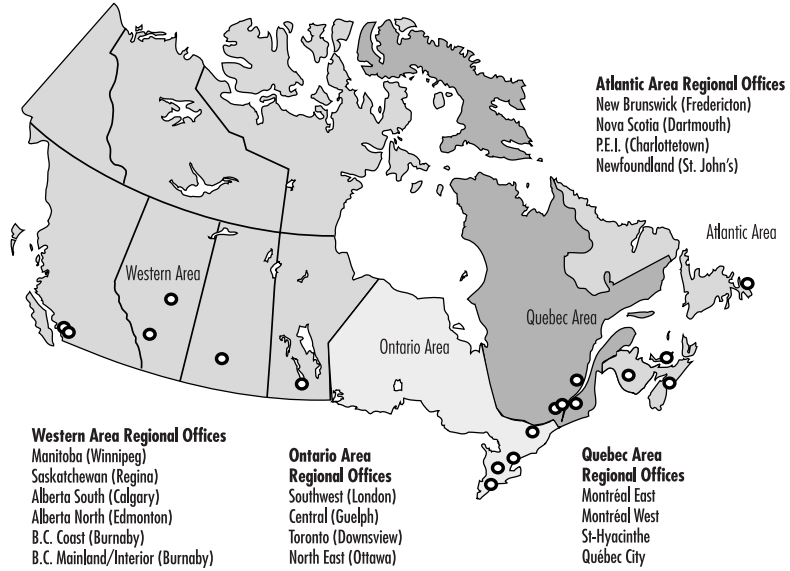
Approximately 5900 dedicated, highly-trained professionals work for the Agency across Canada in a wide range of scientific, technical, operational and administrative positions. The Agency’s staff are involved in risk assessment, risk management, policy development, analytical testing and international discussions and negotiations. They are also involved in certification, inspecting establishments and products, sampling, monitoring and verification, surveillance, warnings, detentions, seizures, recalls, and other related

compliance activities. The CFIA’s staff are its front line when responding to emergencies that fall within the mandate of the Agency — for example, outbreaks of avian influenza (AI) and bovine spongiform encephalopathy (BSE).

With its headquarters in the National Capital Region (NCR), the CFIA is organized into the four operational areas (Atlantic, Quebec, Ontario and Western) and 18 regional offices shown on the map below. It also operates 151 field offices and manages 14 laboratories and research facilities. The Agency also has staff doing this work in seven facilities managed by other government departments in which staff provide scientific advice and testing services, develop new technologies and conduct research.

¹ Source of Government of Canada’s priorities: *Canada’s Performance, Annual Report to Parliament 2004*.

Canadian Food Inspection Agency Area and Regional Offices





1.4 Key Strategic Challenges and Risks

The Agency's capacity to achieve its strategic outcomes depends greatly on its ability to recognize, manage and mitigate risks. The CFIA's planning process identified key risks and challenges and set out a plan which was

presented to Parliament in its *Report on Plans and Priorities (RPP) 2004–05*. This performance report is based on the 2004–05 RPP. It presents the Agency's performance relative to key risks. Performance is discussed by Strategic Outcome. For each outcome, the key risks are identified. A summary of the key risks and the steps taken to mitigate them is presented in the table below.

Table 1.2: Key Risks and Mitigating Steps

Key Risk	Steps to Mitigate Risk 2004–05	For More Information, see Section
Foodborne illness	CFIA programming worked to reduce the threat of foodborne illness. Inspection programs contributed to industry compliance with federal Acts and regulations, and promoted science-based risk management practices and information programs that informed the public of food safety measures and risks. Recall activities further controlled the risk to consumers of unsafe food.	2.3.1a
Emergence and/or spread of animal diseases that affect humans (zoonoses)	CFIA programming contributed to eliminating or controlling the spread of animal diseases to humans.	2.3.1b
Outdated domestic legislative framework	The CFIA assisted the Minister in tabling updated legislation and regulations in Parliament.	2.3.2b
International science-based regulations are not adapted nor harmonized	The Agency supported the development of international rules and standards through contributions to international standard-setting organizations.	2.3.2a
Entry and/or spread of regulated plant and animal pests and diseases that affect the resource base	The Agency worked toward controlling the entry and spread of regulated plant and animal pests and diseases and contributed to industry compliance with federal Acts and regulations.	2.3.3a and 2.3.3b
Bio-terrorism	The CFIA made progress in ensuring a state of readiness; and its capacity to respond effectively and rapidly to emergencies was enhanced.	2.3.4a and 2.3.4b
Demand for new/enhanced services may exceed CFIA's capacity	The Agency strived to respond to demands for new services, particularly in the export sector.	2.3.5c
Inadequate performance information	The Agency improved its performance measurement capacity, which contributes to effective program management and enhanced reporting.	2.3.5a
Financial and human resources may not match requirements	The CFIA has endeavoured to manage scarce resources, and increase and enhance its work force.	2.3.5b and 2.3.5d
Program design	The Agency invested in research to develop testing methods and modified programs to meet changing risks and advances in science.	2.3.2a



1.5 Summary Information

The information below provides a snapshot of the Agency's financial resources and spending in 2004–05.

This information was extracted from CFIA's financial systems.

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Table 1.3: Financial Resources

Planned Spending (\$ millions)	Total Authorities (\$ millions)	Actual Spending (\$ millions)
\$521.1	\$595.8	\$560.4

Table 1.4: Human Resources in Full Time Equivalents (FTEs)

Planned (FTEs)	Total Authorities (FTEs)	Actual (FTEs)
6,124	5,993	5,518

Table 1.5: Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Commitments²

Strategic Outcome	Planned Spending (\$ millions)	Actual Spending (\$ millions)	For More Information, see Section
Protection from preventable health risks related to food safety or the transmission of animal diseases to humans	\$223.8	\$254.6	2.3.1a
Delivering a fair and effective regulatory regime	\$137.4	\$138.8	2.3.2a
Sustaining the plant and animal resource base	\$128.4	\$136.7	2.3.3a
Promoting the security of Canada's food supply and agricultural resource base	\$31.5	\$30.3	2.3.4a

² All priorities contain both ongoing and special initiatives elements. Progress is reported within each priority section. Resources attributable to the "Sound Agency Management" Strategic Outcome have been allocated to the other four strategic outcomes of the Agency on a pro-rata basis.

Table 1.6: Financial Crosswalk Between Performance Activity Architecture (Strategic Outcomes) and Previous Business Lines

Strategic Outcome	Business Lines			
	Food Safety	Animal Health	Plant Health	Total
	(\$ millions)			
<i>Protection from preventable health risks related to food safety or the transmission of animal diseases to humans</i>				
Main estimates	213.4	10.4	0.0	223.8
Planned spending	213.4	10.4	0.0	223.8
Total authorities	244.2	11.0	0.0	255.2
Actual spending	246.8	7.8	0.0	254.6
<i>Delivering a fair and effective regulatory regime</i>				
Main estimates	87.2	20.9	29.4	137.5
Planned spending	87.2	17.8	32.4	137.4
Total authorities	99.7	22.3	26.8	148.8
Actual spending	100.8	15.7	22.3	138.8
<i>Sustaining the plant and animal resource base</i>				
Main estimates	0.0	54.2	30.7	84.9
Planned spending	0.0	94.6	33.8	128.4
Total authorities	0.0	126.5	31.9	158.4
Actual spending	0.0	109.5	27.2	136.7
<i>Promoting the security of Canada's food supply and agricultural resource base</i>				
Main estimates	17.6	8.4	4.7	30.7
Planned spending	18.0	8.7	4.8	31.5
Total authorities	20.1	9.1	4.2	33.4
Actual spending	20.3	6.4	3.6	30.3
TOTAL				
Main estimates	318.2	93.9	64.8	476.9
Planned spending	318.6	131.5	71.0	521.1
Total authorities	364.0	168.9	62.9	595.8
Actual spending	367.9	139.4	53.1	560.4

N.B.: Resources attributable to the "Sound Agency Management" Strategic Outcome have been allocated to the other four strategic outcomes of the Agency on a pro-rata basis.

Part 2: Analysis of Performance by Strategic Outcome

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2.1 How the Agency Plans and Reports

The Canadian Food Inspection Agency's planning requirements are set out in the *CFIA Act* and Treasury Board Policies and Guidelines. The *CFIA Act* requires the Agency to produce a five-year Corporate Business Plan and an Annual Report. Both of these documents are tabled in Parliament. Treasury Board policies require departments and agencies to prepare an annual Report on Plans and Priorities (RPP) and a performance report, which are also tabled in Parliament.

In the past, the CFIA produced an Annual Report, as required by the *CFIA Act*, to indicate what it achieved in relation to what it had planned to achieve.

This year, for the first time, the Agency will report on its performance exclusively in the performance report that is part of the Treasury Board's requirements. In eliminating the Annual Report through an Order-in-Council,³ the Minister of Agriculture confirmed that no information originally available through the Annual Report would be lost. Therefore, this report includes all required performance and financial information; an Office of the Auditor General (OAG) assessment of the fairness and reliability of the performance information; and financial statements and related auditor's opinion, as per the CFIA legislation.

This report was prepared in accordance with the principles outlined in the Treasury Board Secretariat's *Guide for the Preparation of 2004–05 Departmental Performance Reports*.

To respond to the new TBS requirement on the Management of Resources and Results Structure (MRRS), the CFIA is moving from a planning framework based on three business lines (food safety, animal health, and plant protection), to one based on the Strategic Outcomes outlined in the Agency's *Corporate Business Plan 2003–08*. The RPP and the performance report for 2004–05 reflect the Agency's new planning framework and strategic outcomes; however, the financial information is still presented according to a business line structure. Reporting financial information by business line continues because the requirements for reporting financial information in the MRRS structure only came into effect on April 1, 2005.

For each strategic outcome in the RPP, there are ongoing strategies and special initiatives that the Agency plans to undertake to support the strategic outcome. While the ongoing strategies refer to the core business of the Agency and represent the largest portion of the Agency's activities and expenditures, the special initiatives are activities that are *ad hoc* in nature and may take place over a number of years. This performance report focuses mainly on the ongoing strategies and, where relevant, on

³ Order in Council 05-929.



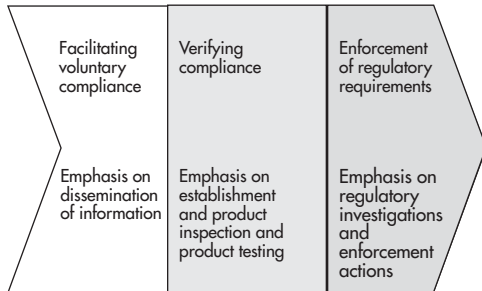
those special initiatives where significant achievement has been made. This is consistent with the Treasury Board requirements outlined in the *Guide for the Preparation of 2004–2005 Departmental Performance Reports* (April 2005).

As in past years, the emphasis for reported performance is on key performance indicators such as compliance rates, food recall information, disease surveillance activities for Canada's crops, forests and livestock, and export certification and rejection information.

Logic models based on the Agency's Strategic Outcomes are included in Part 4. They explain how the Agency's activities are aligned with key results and the Strategic Outcomes, and result in benefits to Canadians. The logic models provide the foundation upon which performance measurement and evaluation strategies are developed.

2.2 Promoting Compliance

As a regulatory agency, one of the principal means by which the CFIA can assess its performance is by measuring rates of compliance⁴ with Canadian food, animal and plant regulatory requirements. The Agency assesses the compliance of regulated industries with regulatory requirements through inspections and other activities. Where significant non-compliance is identified, the CFIA takes appropriate enforcement actions by issuing warnings, detaining or seizing products, or suspending licences, among other actions. Inspectors may also rely on education, publication of information and consultation with the affected parties to encourage compliance. These approaches are detailed below.



The Agency expects the relevant industries to comply with regulatory requirements. It also establishes risk-based strategies for assessing regulatory compliance by sector and program. The CFIA recognizes that although public health and safety are of the highest priority, full compliance with all requirements is likely not attainable. However, by focussing on areas of high risk

and low compliance, the Agency expects to see year-over-year improvements in compliance rates. Resources are prioritized to monitor and enforce regulations that have the most direct or significant impact on the health and safety of Canadians, and on animal and plant health.

Compliance is assessed in relation to the regulations specific to each commodity group (e.g., meat, animal feed, fish and seafood).

To facilitate the industries' compliance, the Agency carries out education and awareness activities to increase their understanding of statutory requirements and standards. Compliance activities verify that establishments and products are complying with applicable Acts and regulations. Verifying compliance includes testing products, and inspecting and auditing facilities such as meat processing plants and feed mills.

As with any regulated activity, the underlying cause of infractions ranges from ignorance of the law to deliberate disregard. Therefore, the Agency uses a range of approaches, as noted below, to achieve an appropriate degree of compliance.

- Establishment compliance is assessed at specified times to determine compliance with legislative provisions. Areas assessed vary by commodity group but include elements such as sanitation, equipment and manufacturing processes.
- Sampling and product testing demonstrates the degree to which products meet legislative requirements. Product testing is carried out according to established sampling plans at various points in the food continuum for domestic, imported and exported products.

⁴ Generally, the rate of compliance is calculated by dividing the number of compliant establishments/products by the number of establishments/products inspected.



These plans and the type of testing required vary by individual program and commodity, and are based on international standards, federal protocols and risk. Testing covers items such as formulation, pesticide residues, microbial contamination, food packaging, labelling and net content.

- Enforcement activities include actions by CFIA staff such as warnings, detentions, seizures, recalls of unsafe products, withdrawing inspection services, suspending or cancelling licences, refusing to allow imports to enter or exports to leave Canada, product destruction or treatment, injunctions, prosecutions and levying penalties where applicable. Under the 13 federal inspection Acts and regulations that the CFIA administers and enforces, the Agency may carry

out regulatory inspections and investigations, administer monetary penalties and, in serious situations, refer cases to the Department of Justice for consideration of prosecution.

Reporting performance

In the next section of this report, performance by priority for each Strategic Outcome is described and measured, where possible, using compliance and other relevant performance indicators. Where a need for improvement has been identified, the report outlines implications for future programming. The results of the improvements will be reported in next year's RPP and performance report.



2.3 Performance by Strategic Outcome

2.3.1 Strategic Outcome: Protecting Canadians from preventable health risks related to food safety or the transmission of animal diseases to humans

The CFIA, along with many federal, provincial, territorial and municipal organizations, is working to improve the health of Canadians. The CFIA's primary contribution is in helping to ensure that food is safe; that consumers have appropriate information on which to base healthy food choices; and that the risk of transmitting animal diseases to humans is low.

The Strategic Outcome for this segment of CFIA programming is: To protect Canadians from preventable health risks related to food safety or from the transmission of animal diseases to humans. The Agency has designated two priorities relating to this Strategic Outcome.

They are:

- Managing food safety risks
- Controlling the transmission of animal diseases to humans

The mandate to achieve this Strategic Outcome is drawn from the following legislation:

- the *Fish Inspection Act*
- the *Food and Drugs Act*
- the *Health of Animals Act*
- the *Meat Inspection Act*
- the *Canada Agricultural Products Act*
- the *Consumer Packaging and Labelling Act*

The activities associated with this Strategic Outcome are intended to mitigate the risks related to foodborne illnesses and the emergence or spread of animal diseases that could affect humans. The Agency spent approximately \$255 million on achieving this Strategic Outcome.

Table 2.1: Financial Resources 2004-05

Planned Spending (\$ millions)	Actual Spending (\$ millions)
\$223.8	\$254.6 ⁵

2.3.1a Managing food safety risks

The four key planned results associated with this priority are:

- Industry complies with federal acts and regulations
- Industry adopts science-based risk management practices
- Food safety emergencies and incidents are contained in a timely and appropriate manner
- The public is aware of food safety risks

The key activities related to achieving these results are discussed below.

Industry compliance

The key activities relating to this result include registering and inspecting slaughter houses and food processing plants that handle meat, fish, eggs, dairy, fruit and vegetables, and other products; testing samples of products; and enforcing food safety regulations when necessary.

⁵ The variance of approximately \$30M between the planned and actual spending represents funds spent on enhanced BSE programming. At the start of the fiscal year, funds for the BSE programming were allocated to planned spending for the Strategic Outcome covered in Section 2.3.3 of this report.



Inspection activities

Inspection is a critical element in ensuring that domestic and imported food products do not pose a significant risk to the health of Canadians.

In order to ship some products to other provinces and countries, food processing plants must be federally registered. Through registration they must commit to complying with federal regulations. The CFIA inspects them regularly to ensure that they do comply. These federally registered plants account for roughly 40% of the food processing facilities in Canada.

In addition to following the traditional inspection approach, which involves inspectors checking basic sanitation and processing steps, the CFIA has adopted systems approaches for certain commodities⁶ based on the “Hazard Analysis Critical Control Point” (HACCP) system to verify food safety requirements. (see Table 2.7 in Section 2.3.1a).

Where non-compliance is detected, the processing plant is required to correct any deficiencies. Non-compliant plants are subject to re-inspection to verify that they have taken appropriate corrective actions.

The CFIA works toward having industry achieve full compliance with legislative requirements. It would be very difficult for the Agency, through its inspections, to get every facility in the entire food processing industry to consistently meet every legislated requirement relating to food safety — i.e. to achieve total compliance. What the Agency can do, however, is to concentrate its inspection work on areas and facilities considered to be high-risk, and to monitor and enforce those regulations that most directly affect the health and safety of

Canadians. The Agency’s working assumption is that as industry improves its compliance, food safety risks will diminish.

Compliance is largely an indicator of the extent to which industry has adhered to regulations. It is the result of what industry does in terms of instituting controls that lead to reduced food safety risks. Regulatory controls apply along the food-production continuum, from the farm to the consumer. For example, some programs relate to the health of farm animals, processing and distribution procedures, and others relate to the retailer.

Taken together, these controls contribute to the key CFIA objective of protecting Canadians from food-related risks. The ultimate measure of food safety is the occurrence of foodborne illness. The CFIA is working with the Public Health Agency of Canada (PHAC) and other partners to collect and analyze data on foodborne illness statistics. Once collected, these data will provide the Agency with a better means of assessing the effectiveness of its programs.

The CFIA is also exploring a National Food Safety Strategy (NFSS) with its partners, Fisheries and Oceans Canada (DFO), AAFC and Health Canada, as well as the provinces. The plan is to collaborate in order to strengthen food safety in Canada.

The Agency plans its inspections according to risks; higher-risk areas receive more attention. Table 2.2 summarizes the CFIA’s inspection activities for registered food processing plants, along with the associated compliance rates.

⁶ The Food Safety Enhancement Program (FSEP) for the agriculture sector, the Quality Management Program (QMP) for the fish and seafood sector and the Modern Poultry Inspection Program (MPIP) for the poultry sector.

**Table 2.2 : Registered Establishment Compliance by Sector**

Sector	Establishment Type	Inspection Approach*	Compliance Rate (%)		
			2002-03	2003-04	2004-05
Meat	Slaughter, processing, storage	Continuous inspections (slaughter); periodic inspections (processing and storage)	not available**	95.8	95.6
Fish and seafood	Processing	Quality Management Program (QMP) audit	98.4***	99.2	99.1
Processed product	Fruit and vegetable and maple processing	Periodic inspections	95.7	90.4	97.8
Egg	Registered shell egg stations	Periodic inspections	99.8****	99.8****	99.7
Dairy	Federally registered establishments	Periodic inspections	83.4	78.2	94.0
Honey	Registered establishments	Periodic inspections	99.5	93.5	98.9

* Inspection frequency is based on risk.

** The compliance rate that appeared in the 2002-03 Annual Report was based on different compliance criteria, and is therefore not comparable to the 2003-04 and 2004-05 rates.

*** This rate is based on data for January-March 2003 only.

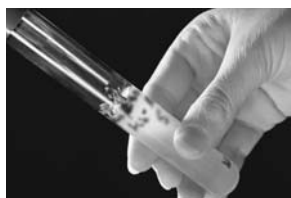
****In previous years, establishment compliance rates were based on the number of plants that maintained an acceptable rating throughout the fiscal year. In 2004-05, the establishment compliance rates were based on the number of individual inspections that had acceptable results.

Source: Inspection Reports, Quarterly Performance Reports, Resource Management Structure (RMS) Reports, Area Reports.

The table shows that the meat, fish and seafood and egg sectors have maintained their high levels of compliance.

For the processed product and honey sectors, the inspection programs were changed in 2003-04, with revised inspection requirements and a new inspection program being implemented respectively. Initial inspection based on the revised programs in 2003-04 resulted in lower compliance rates than in 2002-03. However, the industries in both sectors have now had time to adjust to the new requirements and have made appropriate changes. As a result, compliance in 2004-05 has returned to 2002-03 levels.

In the case of the dairy program, the compliance rates have varied over the last three years. Closer examination of the data did not allow for the identification of clear reasons for these variations and raised some questions about the reliability of the information available for this sector. As part of its effort to develop better performance information for its programs in general, the Agency is in the process of developing improved ways of capturing information for this sector, as well as others; and the validity of the data will be confirmed as part of this process. As a result, the Agency will be able to provide better explanations for variances in performance indicators in future years.



Product testing

In addition to inspecting registered food processing plants, the Agency oversees the safety of food products by testing regulated commodities to verify that they comply with applicable laws and regulations. This testing is an element in ensuring that domestic and imported food products do not pose a significant risk to the health of Canadians.

Testing usually targets new products or products that may pose health risks. In 2004–05, the Agency, through both CFIA and private laboratories, as well as in-plant testing, conducted 264,257 tests on various products for chemical residues and microbiological contamination. Table 2.3 also indicates the food products on which the Agency focussed in 2004–05, and their compliance rates.

Table 2.3: Compliance Rates for Chemical Residue Testing by Food Program

Program	Compliance Rate (%)		
	2002–03	2003–04	2004–05
Meat Hygiene	99.5	99.6	99.6
Fish, Seafood and Production (domestic)	Not available	Not available	98.0
Fish, Seafood and Production (imports)	Not available	Not available	86.0 (non-targeted)*
	Not available	Not available	78.0 (targeted)*
Fresh Fruit and Vegetables	97.6	98.9	99.8
Processed Products	97.8	99.3	99.8
Egg	100**	99.9	99.7
Dairy	99.3	99.4	95.8
Honey	94.5	97.7	98.7

* Since most testing of imported fish and seafood products conducted by the fish program targets products with a poor compliance history or none at all, separate compliance rates are provided for targeted and non-targeted testing for 2004–05. Past compliance rates were not calculated in the same manner, and are therefore not comparable to the 2004–05 rates.

** Of 2614 tests, only one violation was found, yielding a compliance rate of approximately 99.961%, which was rounded to the nearest tenth of a percentage point.

Source: Manual Collection; Laboratory Sample Tracking System (LSTS); Multi-Commodity Activities Program (MCAP).

**Table 2.4: Compliance Rates for Microbiological Testing by Food Program**

Food Program	Compliance Rate (%)		
	2002-03	2003-04	2004-05
Meat Hygiene	92.5	97.1	90.8
Fish, Seafood and Production (domestic)	Not available	Not available	99.7
Fish, Seafood and Production (imports)	Not available	Not available	98.0 (non-targeted)*
	Not available	Not available	93.0 (targeted)*
Fresh Fruit and Vegetables	93.7	99.8	99.2
Processed Products	44.6	96.7	80.8
Egg	91.3	95.7	91.8
Dairy	91.2	86.0	93.9
Honey	95.4	95.2	90.9**

* Since most testing of imported fish and seafood products conducted by the fish program targets products with a poor compliance history or none at all, separate compliance rates are provided for targeted and non-targeted testing for 2004-05. Past compliance rates were not calculated in the same manner, and are therefore not comparable to the 2004-05 rates.

** For the Honey program, only one non-satisfactory result was obtained. However due to the small sample number taken (11), this one result greatly affected the total compliance rate.

Source: LSTS; MCAP.

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Many factors and variables contribute to the regulatory performance of the food industry — for example, the type of processing involved, changes in technology and changes in market conditions. The focus of the Agency's regulatory programs is to assess and manage food safety risks. Higher compliance rates with regulations that are in place to manage those risks support the objectives of public health and food safety.

Compliance rates are only one indicator of the extent to which CFIA's activities, *per se*, have directly contributed to improving industry's compliance with Acts and regulations. Work is underway to refine the CFIA's ability to collect additional information for measuring performance in this critical area. The Agency will use this information in future performance reports, as appropriate, to better report on the effectiveness of inspections and enforcement activities.

Food safety investigations

The CFIA's mandate for this program draws from the *Food and Drugs Act*. This Act covers all food sold in Canada. The program monitors facilities, such as food processing plants, which are not federally registered to verify that they are adhering to federal regulations. It also monitors other commodities and sectors (both domestic and imported) not covered by specific commodity regulations (e.g., bottled water and unpasteurized juice). The non-registered facilities account for roughly 60% of the food-processing facilities in Canada. Jurisdiction over this sector is shared between the federal and provincial governments.

In order to establish a basis for monitoring these facilities, the Agency's science committees, along with provincial and municipal medical officers of health and government departments such as Health Canada, identify and prioritize potential hazards in the food supply. When they identify a potential risk, the CFIA investigates.

In 2004–05, the CFIA followed up on several food safety investigation projects from previous years. The table below summarizes a few of the projects. (See the CFIA's Web site for further details and for other projects.⁷)

Table 2.5: Food Safety Investigations

Project	Results
<i>Microbiology-related projects</i>	
Bottled water	Compliance with the <i>Food and Drugs Act</i> has been satisfactory over past several years. This project will be discontinued for 2005–06 due to improved compliance.
Unpasteurized juice and cider	Compliance with the <i>Code of Practice for the Production and Distribution of Unpasteurized Apple and other Fruit Juice/Cider</i> is improving; however, the project will continue in 2005–06. Efforts will continue to focus on domestic and imported unpasteurized juice and cider.
<i>Chemistry-related projects</i>	
Presence of aflatoxin on imported nuts	This project will be continued in 2005–06, with a focus on products that are non-compliant with the <i>Food and Drugs Act</i> .
Arsenic in Hijiki seaweed	No known imports of Hijiki seaweed were found this year. Project will continue wherever Hijiki seaweed is found on the Canadian market.

Source: Food Safety Investigations Project Annual Reports, 2004–05.

⁷ For further information, see www.inspection.gc.ca/english/fssa/invenq/invenqe.shtml.

Enforcement activities⁸

In 2004–05, under the authorities of the *Canada Agricultural Products Act*, the *Fish Inspection Act*, the *Food and Drugs Act*, and the *Meat Inspection Act*, the CFIA carried out 333 investigations. Investigations from 2004–05, as well as from previous reporting periods, resulted in 168 charges against companies or individuals. In the past year, the courts registered 215 convictions.

A partial current indicator for measuring, the effectiveness of the CFIA's enforcement work is the number of enforcement actions that the Agency has carried out. The CFIA recognizes, however, that this is a measure of activity, rather than of results achieved in relation to managing food safety risks. The Agency is currently considering additional indicators for this activity.

Table 2.6: Enforcement Activities

Legislation	No. of Investigations	No. of Charges Laid	No. of Prosecutions	No. of Convictions	Total Court Assessed Fines
<i>Canada Agricultural Products Act</i>	33	28	3	0	\$ 0
<i>Fish Inspection Act</i>	133	57	15	12	\$27,750
<i>Food and Drugs Act</i>	66	37	6	5	\$24,000
<i>Meat Inspection Act</i>	101	46	15	198	\$37,000
Total*	333	168	39	215	\$88,750

* Because the judicial process may extend beyond the fiscal year, some of the convictions occurring in 2004–05 may be based on investigations and other enforcement activities carried out in previous fiscal years.

Source: NETS.

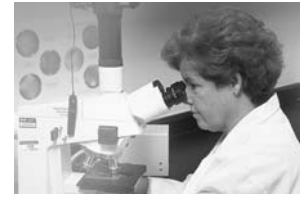
Industry adopts science-based risk management practices

The Canadian food industry and the federal government (the CFIA since 1997) have worked jointly over the years to develop industry-based process controls aimed at reducing any food safety risks — bacteriological, physical or chemical — associated with food processing. These efforts are not unique to Canada. Process control is a leading trend in all industrial production worldwide. Within the food industry, this process is known as the “Hazard Analysis Critical Control Point” (HACCP) approach. The HACCP approach begins with an analysis of the methods and approaches to production. This analysis identifies all the critical stages that may affect

the safety and quality of the food product throughout the process. This is followed by the development and implementation of a plan by industry to control the safety and quality of the food product.

Once an industry adopts a HACCP approach, the CFIA implements different measures in the inspection process to assess the effectiveness of the system. For the fish and seafood processing sector, this program is called the Quality Management Program (QMP). For the remaining agriculture sectors, it is called the Food Safety Enhancement Program (FSEP). For the poultry sector, another approach, the Modernized Poultry Inspection Program (MPIP), exists above and beyond FSEP as well.

⁸ The term “enforcement activity” refers to the action taken by the Agency through a prosecution or an administrative penalty, where applicable, to obtain compliance. Those actions include investigations of violations and offences, injunctions, and even prosecutions. (Source: CFIA Enforcement and Compliance Policy, Section 7.)



The HACCP system is aimed at enabling industry to identify and control hazards that exist at “critical control points” in the food production process. For example, for some foods a critical control point occurs during cooking. At that point, cooking temperatures must be high enough to kill all harmful bacteria. Processing plants minimize risks to consumers by closely monitoring these critical points.⁹

Considerable progress on adopting this approach has been achieved in two critical sectors. Since 1993, HACCP-based programs have been mandatory for the approximately

900 federally registered Canadian facilities that produce fish and seafood products. By December 2005, all federally registered meat slaughter and processing facilities will be required to have HACCP-based systems in place. For the remainder of the federally-registered food processing sectors — fish and seafood imports, processed products, eggs, dairy and honey — this system remains voluntary. The adoption of this approach has also been a cornerstone of Canada’s Agricultural Policy Framework, with considerable effort being directed at supporting industry take-up of this science-based approach.

The following table shows the extent to which various sectors of the food industry have adopted these programs.

Table 2.7: Federally Recognized HACCP Based Program Implementation by Food Program

Program	CFIA Inspection Approach	Number of Federally Registered Facilities*	HACCP-Recognized Facilities		
			2002–03	2003–04	2004–05
Mandatory**					
Meat Hygiene (including poultry)	FSEP	777	363	416	434
Fish and Seafood (domestic)	QMP	917	945	935	917
Voluntary					
Meat Hygiene (poultry)	Modernized Poultry Inspection Program (MPIP)	58	12	14	10
Fish and Seafood (imports)	QMP for Importers	1081	18	18	22
Processed Products	FSEP	546	38	47	50
Egg	FSEP	455	17	19	22
Dairy	FSEP	262	46	52	62
Honey	FSEP	45	2	3	4

* As of March 31, 2005.
 ** FSEP will become mandatory for meat in December 2005.
 Source: FSEP National Tracking Reports; PNPIT Records; CMS.

⁹ For further information, see www.inspection.gc.ca/english/fssa/polstrat/haccp/haccpe.shtml.

As Table 2.7 shows, all the fish and seafood processors registered with the CFIA have HACCP systems in place, as do most of the large-scale fish and seafood importers. More than half of the meat slaughter and processing sector have also adopted this approach in preparation for new regulations making HACCP mandatory for this sector by December 2005. This number is expected to increase significantly in the current year to meet new federal regulatory requirements. Currently, all meat (pork, poultry and beef) slaughter and processing facilities that export to the U.S. market are using this system, as HACCP is compulsory for all U.S. domestic and imported meat and meat products.

For four of the sectors for which the adoption of HACCP-based programs remains voluntary, the data indicate both low levels of participation and generally, minor year-over-year increases in take-up. The CFIA, in consultation with these industries, is continuing to promote the adoption of the HACCP-type controls on a voluntary basis.

A major impediment to adopting this approach is the cost to industry, and a concern in some sectors regarding the overall benefits of this approach. Canada and other countries have conducted studies to assess the effectiveness of their HACCP-based programming. In the U.S., the General Accounting Office undertook a review of the United States Department of Agriculture's (USDA) implementation of a HACCP-based pilot project in meat and poultry inspection. The study concluded that while the program was fully implemented, some start-up problems have affected the effectiveness of this approach.

Health Canada, as part of its responsibility for assessing the effectiveness of the CFIA's activities related to food

safety, conducted a study in 2004–05 to help prepare for a future assessment of the MPIP. The study, planned for 2006, will focus on the effectiveness of this approach to achieving food safety objectives.

Health Canada has reviewed the CFIA's QMP inspection system for the fish and seafood sectors. The study concluded that this HACCP-based program is generally effective in enhancing the safety of the fish and seafood products of Canadian industries.

With success in the fish and seafood sector, and considerable progress in the meat sector, the CFIA will continue to study and promote the adoption of the HACCP approach — as it controls the risks associated with food production and continuously improves the management of food safety risks. Consideration will also be given to the costs and benefits of this science-based risk management approach, and the merits of a voluntary versus mandatory approach for other sectors.

The CFIA is undertaking an import redesign project with the intention of strengthening its risk-based approach to imported fish products — in keeping with the overall Agency's Import Policy. Key elements of the redesign project will include enhancing industry's responsibility and accountability through implementation of a mandatory quality management system, HACCP-type controls for fish products, and tighter controls at the border to deal with illegal imports. It is expected that the overall benefits to the industry and to Canadian consumers will be better assurance of compliance with food safety and regulatory requirements.



Food safety emergencies and incidents are contained in a timely and appropriate manner

Canadians have access to an abundance of safe and high-quality food. However, problems sometimes occur in the production, manufacturing and distribution chain that result in unsafe food in the marketplace. The CFIA, in partnership with Health Canada, provincial agencies and the food industry, operates an emergency response system to deal with such events.

Managing food safety incidents

Health risks associated with unsafe food can occur if food contains microbiological pathogens, inappropriate materials, non-permitted additives, chemical

contaminants, or allergens not listed on food labels. Food recalls and procedures for responding to emergencies are critical to managing food safety emergencies and incidents effectively, as discussed below.

The food emergency system can be triggered by a consumer complaint, industry information, or the inspection and monitoring activities of the CFIA or provincial food inspection agencies. Potential hazards, in the form of undeclared allergens, microbiological contamination, extraneous material (such as glass or other inappropriate material), or chemical contamination of food, are investigated. If appropriate, emergency actions are taken to protect consumers.

Table 2.8: CFIA Food Investigations by Trigger

	2000-01	2001-02	2002-03	2003-04	2004-05
Number of Investigations	3889	4462	4961	4526	4453
Distribution by Trigger					
Consumers	66.9%	66.9%	60.6%	60.2%	56.2%
Other external	11.4%	10.1%	14.3%	14.2%	14.1%
Trade complaints	5.9%	7.2%	8.3%	7.5%	7.6%
CFIA triggers	3.5%	3.5%	4.7%	6.3%	5.3%
Company-initiated	2.7%	2.3%	2.0%	2.0%	2.1%
Other — unclassified*	9.6%	10.0%	10.1%	9.8%	14.7%

* In the category "Other — unclassified," the trigger for investigations was not identified in the system. It may include any of the specific triggers listed above.
Source: Issues Management System (IMS).



The information shows that the proportion of investigations triggered by consumer complaints has decreased over the past two years. However, investigations triggered by other sources are increasing or remain fairly constant. The number of consumer complaints may have decreased, in part, because consumers are dealing directly with the food industry regarding their concerns. The CFIA identifies and targets high-risk sectors or commodities as part of its proactive risk-management approach. CFIA triggers have resulted in an increasing percentage of the number of recalls: from 12% in 2000–01 to 38.5% in 2004–05.¹⁰

The food industry carries out most recalls voluntarily. Recalls may focus on removing products from store shelves or warning consumers about unsafe foods that they may have purchased. All recalls are, ultimately, aimed at removing from sale, distribution and consumption any foods that may pose an unacceptable risk to consumers.

The Minister of Agriculture and Agri-Food Canada can, pursuant to the *Canadian Food Inspection Agency Act*, order a firm to recall a product where the Minister

believes that the product poses a risk to public, animal or plant health. Of the 2499 recalls that the CFIA has coordinated since 1997, only seven required mandatory recall orders. This figure also indicates a high level of cooperation between the CFIA and the food industry, when a risk to human health is identified. Only one mandatory recall was issued in 2004–05, involving nitrofurans in honey. (Nitrofurans are antimicrobial drugs that are banned for use in food producing animals in Canada.)

One of the key measures that the CFIA uses to assess its performance in managing food safety risks is the timeliness of the Agency’s response to situations requiring a Class I recall. A Class I recall is carried out when there is a reasonable probability that the use of, or exposure to, a food product in violation of standards will cause adverse health consequences or death. The CFIA’s standard for timeliness is to issue Class I recall public warnings within 24 hours of a recall decision. In 2004–05, the Agency met this target 100% of the time, with 95% of Class I recall public warnings being issued in less than eight hours.

Table 2.9: CFIA Investigation and Recall Trends

	2000–01	2001–02	2002–03	2003–04	2004–05
Number of investigations	3889	4462	4961	4526	4453
Number of recalls	353	481	381	343	276

Source: IMS and Access Database.

¹⁰ These values are based on the recalls for which a specific trigger was clearly identified in the system.

As Table 2.9 shows, only a small portion of investigations results in recalls. The average over the years is less than 10%. Most investigations determine that the situation has not put the public at risk. The CFIA works closely with Health Canada to determine the potential risk to the public. Health Canada is responsible for the risk assessment which is a scientifically-based process leading to an estimation of the probability of occurrence and severity of health effects on a given population. The CFIA manages the risk based on the assessment provided by Health Canada.

During 2004–05, the CFIA coordinated 4453 food safety investigations, which resulted in 276 recalls. As is the case for investigations, the recalls have also been on a

downward trend in recent years. Preliminary analysis shows that a number of factors could be contributing to the downward trend in recalls. These factors include an improvement in industry compliance, a reduction in consumer complaints, or changes in the Agency's sampling activities. The CFIA is conducting further analysis aimed at determining more precisely the reasons for the downward trend.

Trends in the type of hazards (microbiological, chemical, etc.) which are subject to recall are also tracked by the CFIA. In 2004–05, compared to 2002–03 and 2003–04, the distribution of recalls by hazard type is outlined in the following table.

Table 2.10: Distribution of Food Product Recalls by Hazard Type

	2002–03	2003–04	2004–05
Number of Recalls	381	343	276
Distribution by Hazard			
Allergen	41.5%	30.6%	33.0%
Chemical	23.3%	28.0%	15.2%
Microbiological	20.5%	16.0%	28.6%
Extraneous material	10.0%	14.0%	14.9%
Other	4.7%	11.4%	8.3%

Source: Access Database.

The data show that over the past three years, recalls related to the chemical contamination and “other” categories have fluctuated, but both were down in the past year, whereas the number of microbiological-related recalls increased compared to 2003–04. The most significant decrease in the number of recalls over the past few years has been in the area of undeclared allergens. These changes are taken into account when the CFIA identifies commodities and market segments for further investigation and inspection.

After a recall is issued, the CFIA carries out recall-effectiveness checks. These checks provide an added level of consumer protection by verifying that retailers and distributors have been notified of the recall and have removed the recalled products from the marketplace.

During 2004–05, the CFIA conducted 6302 recall effectiveness checks. If the recall was found to be ineffective in removing unsafe products from the marketplace, the CFIA inspectors would address this situation on a priority basis with the industry.

The Agency’s Corporate Internal Audit Directorate carried out a review in 2004–05 of the food emergency response system. The objective of the review was to assess the effectiveness of this system and identify areas that needed improvement. Overall, the system was found to operate well. The review identified three main areas for improvement. These related to responsibility for decision making, for the risk and technical assessment process, and for follow-up activities. A management action plan was prepared, and corrective actions are currently being implemented.

Additional information on food recalls can be found on the CFIA’s Web site.¹¹

Responding to large-scale emergencies

Large-scale food safety emergencies are accidental or deliberate events that affect the food supply. These require the Agency to carry out extensive emergency response activities with other departments for an extended period of time. No large-scale emergencies occurred in 2004–05.

The public is informed about food safety issues

Consumers have a key role to play in keeping food safe. To do so, they need information on, among other things, risk factors and appropriate food-handling practices. To this end, the Agency carries out a number of activities to inform Canadians about safe food-handling practices and various food-safety risks.

Currently, one of the ways the CFIA measures its success at keeping Canadians informed is by looking at the number of consumer visits to its Web site for information on safe food-handling practices and on food safety risks.

We also measure public confidence in the food system by analyzing the results of public opinion research. For example, in February 2005, 73%¹² of those surveyed said they were confident in Canada’s food safety system. This is up 14 percentage points from June 2004¹³ (59%) and 9 percentage points from January 2004 (64%).¹⁴ Furthermore, public opinion research conducted in June 2005, found that 82% of those polled believe that the Canadian food safety system is among the best in the world.¹⁵ This is up 12 percentage points from February 2005 (70%) and 20 percentage points from June 2004 (62%).

The CFIA will continue to survey Canadians to identify trends in consumer confidence and areas of concern to guide its efforts.

¹¹ For further information, see www.inspection.gc.ca/english/corpaffr/educ/alerte.shtml.

¹² EKOS survey, February 2005; 1505 interviews, the results are valid within a margin of error of +/- 2.5 percentage points.

¹³ EKOS survey, June 2004; 3000 interviews, the results are valid within a margin of error of +/- 1.3 percentage points.

¹⁴ EKOS survey, January 2004; 1271 interviews, the results are valid within a margin of error of +/- 2.7 percentage points.

¹⁵ Redfern survey, June 2005; 1507 interviews, the results are considered accurate to within 2.3% (19 times out of 20).



2.3.1b Controlling the transmission of animal diseases to humans

The key planned result associated with this priority is:

- Animal diseases that are transmissible to humans are controlled in animal populations

The CFIA's key activities related to achieving this result are discussed below.

The CFIA carries out several programs and activities to ensure that animal diseases that are transmissible to humans — either through contact or via the food chain — are controlled in animal populations. These diseases are called “zoonoses.”

To protect the health of Canadians, it is critical that the CFIA carry out timely and effective surveillance, testing and control activities for these diseases. Through surveillance activities, the CFIA keeps track of key diseases such as bovine tuberculosis, rabies, brucellosis and BSE. The objective is to control their spread among domestic animals, which in turn reduces the risk that they will be transmitted to humans. Examples of the current status of five zoonotic diseases are given below.

Avian influenza (AI) — In early 2004, the Agency faced an outbreak of AI in British Columbia. In 2004–05, the Agency conducted a lessons-learned exercise on CFIA's management of the outbreak. (For further details, refer to Section 2.3.4a, Preparing for emergencies.)

Bovine tuberculosis — Surveillance for bovine tuberculosis in farmed cervids (elk and deer) and farmed bovines (cattle and bison) is based on the routine post-mortem inspection of animals at slaughter and is complemented by on-farm testing.

Through CFIA's surveillance and eradication efforts, and with the cooperation of industry, Ontario and Quebec attained tuberculosis-free status for their farmed deer and elk in 2004–05. Farmed elk and deer are now considered to be officially free of the disease in all provinces.

Farmed bovines (cattle and bison) in all areas of Canada, except the Riding Mountain Eradication Area in Manitoba, are considered to be free of bovine tuberculosis. The last case in farmed bovines occurred in 2004 in a Manitoba cattle herd. As eradication of this disease in Canadian livestock nears completion, surveillance for bovine tuberculosis will continue to ensure this disease is not reintroduced.

Brucellosis — Brucellosis is a serious bacterial infection that can be transmitted from animals to people through the consumption of unpasteurized dairy products, or through contact with infected tissues. Canadian livestock have remained free of brucellosis since the last case was detected in 1989.

To maintain Canada's brucellosis-free status, accorded by the World Organisation for Animal Health (formerly known as the Office International des Épizooties (OIE), the world reference organization for animal health standards), statistically-based national serum surveys are conducted periodically on cattle and swine. Canada's national swine and cattle herds are considered free of bovine brucellosis, on the basis of the negative findings of one of these studies aimed at detecting the disease with 95% confidence in either species at as low a level as one in 5000 animals (i.e. a prevalence of 0.02%).¹⁶ Ongoing surveillance for brucellosis was reduced in 1999, and is limited to tests at auction markets in northern Alberta and British Columbia.

Rabies — Provincial governments are responsible for controlling rabies in wild animals. As the disease can be transmitted to humans or domestic livestock, the CFIA also carries out activities to control the spread of rabies in Canada. These activities include diagnosing suspected cases of rabies; requiring proof of vaccination against rabies for all cats and dogs over three months of age entering Canada; ongoing research; and licensing of rabies vaccines.

¹⁶ According to the *Bovine Serological Survey*, 2003–04.



In 2004, the Agency tested 11,165 specimens for rabies. Of the specimens tested, 254 were positive for rabies. An additional seven cases, which were based on clinical diagnoses, were reported to the OIE, for a total of 261 cases in domestic and wild animals. The disease incidence is similar to 2003, when 265 positive results were found. The CFIA maintains a rabies Web site that contains quarterly and annual reports on rabies cases, listed by species and province. The site also provides comprehensive information on the disease and on the CFIA rabies control program.¹⁷ Finally, the CFIA publishes a rabies information pamphlet which is made available to pet owners and livestock producers.

Bovine spongiform encephalopathy (BSE) — Controlling this disease is critical — both for human health and for the economy. Active surveillance for this disease was implemented in 1992. The provinces, industry, the universities and private-sector veterinarians have collaborated with the CFIA in surveillance and testing work.

Enhanced BSE Programs

In 2004–05, the Agency carried out a number of programs and activities under the Enhanced BSE Programs umbrella. Their common purpose was to strengthen the Government of Canada's response to BSE.

Two events signalled the need for Canada to strengthen its BSE program. The first was the detection of BSE in an animal born and raised in Canada in May 2003. The second was a December 2003 case of BSE in the U.S. that was traced to this country.

In 2004–05, the CFIA devoted much effort to developing appropriate indicators to track performance, and to building the systems needed both to collect performance information and to report on the results of its BSE activities.

Surveillance and testing

The CFIA focuses on testing cattle with the highest risk of being infected with BSE and on testing specific tissues from these animals for the disease. This approach provides an accurate estimate of the prevalence of BSE in Canadian cattle. It also increases the likelihood of detecting any future cases.

In January 2004, the government announced that it would enhance its BSE surveillance testing to at least 8000 cattle during the first year and to 30,000 per year in subsequent years to calculate the prevalence of BSE in Canadian adult cattle. The level and design of this enhanced program continues to be in full accordance with the guidelines recommended by the OIE. In 2004, 23,550 samples were collected and tested. In 2005, the minimum target of 30,000 samples was surpassed in early June. From April 1, 2004 to March 31, 2005, 37,674 samples were evaluated by a network which includes provincial and university laboratories. This illustrates the effectiveness of the national BSE surveillance program and the high level of commitment — from government at all levels, and from producers, private veterinarians and industry stakeholders — to fighting the disease.

Results of the 2004–05 sampling demonstrate that only two cases of BSE were confirmed during the fourth quarter. Both cases were identified in the context of samples submitted to the BSE surveillance program. In both instances, the CFIA conducted a comprehensive animal and feed investigation. Based on these results, the OIE has determined that the annual BSE incidence in Canada is less than one case in a million. This places Canada in the “minimal risk” category.

¹⁷ For more information, see www.inspection.gc.ca/english/anima/heasan/disemala/rabrag/rabrage.shtml.

In support of the enhanced BSE programming, the CFIA, along with its federal, provincial and industry partners, provided stakeholder education and awareness of BSE through the distribution of surveillance posters and brochures across Canada; the implementation of a 1-800 hotline; and surveillance/reimbursement information on the CFIA Web site.

The Enhanced Tracking and Tracing Program

Tracking the movement of all cattle in Canada is an essential step in controlling the transmission of animal diseases to humans. Compulsory tagging of cattle enables the Agency to trace any given animal, and to determine which other animals it has come in contact with. In 2004–05, the CFIA continued to carry out inspections at sites such as feedlots, slaughterhouses and auctions to verify compliance with the tagging regulations. The key performance indicator for this activity is the rate of compliance with tagging requirements.

Compliance has generally remained high. The estimated compliance for individual animals at all site types¹⁸ was 97.7% for 2004–05. In November 2004, the CFIA introduced new regulations covering the re-tagging of animals. Early in 2005, the Canadian Cattle Identification industry introduced new technology to improve tracking. Taken together, these measures will result in better identification, which will make it easier to trace the origin of any diseased animal. For 2004–05, the Agency focussed on collecting more data to measure the results of the program. This information will be reported starting in 2005–06.

Removing “Specified Risk Material” from the food chain

Specified Risk Material (SRM) is material from particular tissues (e.g., the brain, spinal cord and small intestine) that can harbour the BSE agent. SRMs are removed from all animals when they are slaughtered. Removing SRMs from the human food supply reduces the risk of exposure to BSE. The indicator for this activity is the compliance rate in federally registered plants for removing SRMs.

The overall compliance rate was 97.7% based on three key tasks related to SRM removal. Of the 2375 ratings of the tasks, 55 incidents of non-compliance were identified — 48 of which were considered to be minor infractions.

In 2004–05, the Agency did more work to improve its ability to report in future on the overall effectiveness of this activity. Specifically, the CFIA is establishing better processes to collect information on the compliance of provincial plants. It will also collect information on the results of enforcement and follow-up work to correct problems of non-compliance with the regulations requiring the removal of SRMs from the food chain.

Enhanced export certification

As discussed below in Section 2.3.2d, Certifying Exports, the CFIA is responsible for certifying that food products, plants, animals and animal products meet the requirements of the countries that import them. In 2004–05, Canada exported bovine meat worth \$1.8 billion.¹⁹

Since May 2003, the U.S. and other countries have imposed import conditions on all Canadian beef commodities and products. Accordingly, CFIA inspectors have had to increase their inspections of meat and food-processing plants, and must certify that all shipments of certain products meet the BSE-related import conditions that the U.S. and other countries have imposed.

¹⁸ Site types include farms, ranches, auctions, feedlots, federal and provincial slaughterhouses and dead stock.

¹⁹ World Trade Atlas, April 2005.



The key indicator for the effectiveness of this activity is the number of rejections of Canadian beef exports at borders. Data on rejections are available only for meat. Rejection rates for semen and embryos are not tracked at this time. The data for meat demonstrate that in 2004–05, of the 1.5 billion kg certified for export, some 1.4 million kg was rejected, of which 830,831 kg was beef. However, only approximately 136,000 kg of beef was rejected for BSE-related reasons.

This year, the CFIA continued working to establish a process for collecting data on semen and embryos to provide a more complete performance story.

Re-opening international markets

An important objective of the Enhanced BSE Programs is to convince trading partners to open markets to Canadian animals and animal products.

Regarding the foreign markets for cattle, meat, bovine semen, bovine embryos and animal products, 51 trading partners opened to one or more of these market sectors since May 2003. This includes regaining full or partial access to 17 international markets for live animals and meat. Considering the discovery of the two new BSE cases in Canada (in December 2004 and early January 2005) bovine semen and bovine embryo markets are back to the level they were prior to 2003.

Public confidence in how the Agency and the government handle such crises is important. Public opinion research conducted in February 2005 showed that with respect to BSE, 69% of respondents expressed confidence that the Canadian government was responding appropriately to the crisis.²⁰ This level of confidence has risen from 61% in the January 2004 survey.²¹ However, based on public opinion research conducted in June 2005, confidence in the government's handling of BSE is up three percentage points to 72%.²²

In addition, 85% of respondents stated that they had trust and confidence in the CFIA's handling of the situation.

2.3.2 Strategic Outcome: A fair and effective regulatory regime

A fair and effective regulatory regime for food safety, animal health and plant protection is critical to consumer confidence and the well-being of Canada's economy. It contributes to a competitive marketplace and protects consumers from unfair practices. It also helps to facilitate the access of Canadian products to foreign markets, thereby stimulating growth in international trade. As the key federal regulator of food, animals, plants and related products, the CFIA is committed to ensuring that the regulatory regime is fair and effective.

The strategic outcome for this segment of CFIA programming is: A fair and effective regulatory regime. The Agency has designated four priorities relating to this Strategic Outcome. They are:

- Promoting science-based regulation
- Maintaining an effective regulatory framework
- Protecting consumers and the marketplace from unfair practices
- Certifying exports

The activities related to achieving this strategic outcome support all the legislation for which CFIA has responsibility. They are also designed to mitigate the risks associated with maintaining and updating a domestic legislative framework and to contribute to strong international science-based regulations.

The Agency spent approximately \$139 million in 2004–05 on achieving this strategic outcome.

²⁰ EKOS survey (February 2005). 1505 interviews, the results are valid within a margin of error of +/- 2.5 percentage points.

²¹ EKOS survey (January 2004). 1,271 interviews, the results are valid within a margin of error of +/- 2.7 percentage points.

²² Redfern survey (June 2005). 1507 interviews, the results are considered accurate to within 2.3% (or 19 times out of 20).

Table 2.11: Financial Resources 2004–05

Planned Spending (\$ millions)	Actual Spending (\$ millions)
\$137.4	\$138.8

2.3.2a Promoting science-based regulation

The two key planned results associated with this priority are:

- The Agency contributes to the development of international rules and standards through negotiations at the scientific and technical level
- The Agency applies sound and current science to the development of standards, operational methods and procedures.

The CFIA's key activities related to achieving these results are discussed below.

Developing international rules and standards

Canadian food and agricultural products are in high demand worldwide. At home, consumers' desire for a broader range of products results in Canada importing from an ever-increasing number of countries.

The CFIA responds to these trends by investing considerable effort in multilateral work to influence standard-setting organizations responsible for developing international standards related to food safety, animal health and plant health. The CFIA also manages a number of product-specific bilateral (country-to-country) arrangements and protocols in the areas of food safety, animal health and plant health. Together, the multilateral and bilateral arrangements constitute the international regulatory framework in which the CFIA operates. The main objective is to ensure that this framework, as it relates to the CFIA mandate, is strong, coherent, and science-based.

Ultimately, the CFIA's involvement in international arrangements and institutions supports its efforts both in protecting Canadians from preventable health risks, and in sustaining the plant and animal resource base. It also facilitates fair and competitive international markets. To this end, the CFIA — along with Agriculture and Agri-Food Canada, Health Canada, Foreign Affairs and International Trade Canada, and other government departments, both foreign and domestic — participates in a number of international organizations. These include the World Health Organization (WHO), the Food and Agriculture Organization of the United Nations (FAO), the World Organisation for Animal Health (OIE), and the World Trade Organization (WTO).

To achieve these goals, in 2004–05 the CFIA placed significant emphasis on the development of international rules and standards at the multilateral scientific and regulatory organizations mentioned above. As well, the CFIA continued to make progress on bilateral trade issues.

These efforts have contributed to the development of international rules and standards which, in turn, have facilitated international market access. Below are a few examples of the CFIA's contributions to the development of international rules and standards, and of its efforts in working directly with countries to resolve issues.

Multilateral efforts

Over the past year, the CFIA has worked with international standard-setting bodies to resolve a number of multilateral issues. Some selected examples of the Agency's efforts are outlined below:

- In October 2004, along with other federal departments, the WTO Sanitary and Phytosanitary Committee agreed to a procedure to enhance the transparency of special and differential treatment in favour of developing countries. This procedure was based on a proposal submitted by the CFIA. It will enable trading partners to analyze new or amended regulations before they are adopted, and to assess

potential market issues before they arise. Ultimately, this increased transparency will lead to more stable trading relationships.

- In 2004–05, the Agency (with Health Canada) contributed to the development and adoption of a number of Codex Alimentarius Commission²³ standards and related texts, designed to protect the health of consumers and to ensure fair practices in food trade. In particular, it made significant contributions to the finalization and adoption of the Revised International Code of Hygienic Practice for Meat, which better reflects modern meat inspection systems.
- Canada hosted an International Plant Protection Convention workshop in Vancouver to assist other countries in developing treatments and certification programs that will ultimately improve compliance with international standards. These standards are aimed at preventing the spread of injurious plant pests, and serve to protect Canadian forests. The workshop focussed on pests associated with wood-packaging material, which is deemed to be one of the highest-risk pathways for spreading foreign pests. Canada recently negotiated a tripartite agreement on harmonization of adoption of the International Standards for Phytosanitary Measures (ISPM) with the United States and Mexico, which will see North America fully implement ISPM 15 on September 15, 2005.

Bilateral efforts

Over the past year, the CFIA has worked with its trading partners to resolve a number of bilateral issues. Some selected examples of the Agency's efforts are outlined below:

- In June 2004, CFIA delegates met with their Brazilian counterparts to establish a mechanism for cooperation

on sanitary and phytosanitary (SPS) measures.²⁴ The mechanism has been used to discuss issues around Canadian wood-packaging materials. It has also been used to resolve issues involving Canadian exports of lentils and bovine embryos. The Brazilian market is now open to these commodities.

- In January 2005, the CFIA met with Chinese officials to discuss the resumption of importing Ya pears from China. Ya pears have been banned from Canada since 2003, due to a quarantined fungal disease. To resume imports of Ya pears, CFIA and Chinese officials agreed on a process that includes specific farming and post-harvest quality requirements, as well as on-site audits conducted by the CFIA on the Chinese Quality Management System for pears. These activities are expected to begin in the fall of 2005.
- The CFIA continued to work with the provinces and stakeholders to influence the implementation of the regulations pursuant to the *U.S. Food and Drug Administration (FDA) Bio-terrorism Act (BTA)*. Over the past year, the FDA agreed to work with the U.S. Customs and Border Protection Agency (CBP) to assess the integration of the FDA prior-notice timeframes with those of the CBP, and to harmonize where possible. In addition, the CFIA established an informal bilateral mechanism with the FDA to facilitate discussions between Canadian and American officials to resolve border issues arising from the implementation of the BTA regulations.

Developing science-based standards, operational methods and procedures

CFIA research directly contributes to achieving the Strategic Outcomes of the Agency and is directly linked to the government's priorities of public health, economic growth, environmental protection, public security and good governance.

²³ The Codex Alimentarius Commission is the WHO's food standard-setting body.

²⁴ SPS measures are designed to protect animal, plant and human health.

Research and technology-development initiatives provide the sound science foundation that underpins the Agency's policy and program decisions. A major emphasis in the CFIA's research and technology-development programs is to develop, validate and implement new or improved diagnostic tests. These will quickly detect animal and plant pathogens, as well as harmful agents in food, such as allergens, toxins, contaminants, pesticides and veterinary drug residues.

EXAMPLE OF ONGOING RESEARCH TAKING PLACE IN THE CFIA'S LABORATORIES

The CFIA allergen laboratories were successful in initiating a study involving six laboratories to validate a commercially available test to detect almond protein in food products. As a result, this test has contributed to broadening the series of tests available to test allergens.

Scientific research is complex and requires collaboration with partners to maximize outputs. Accordingly, the CFIA conducts collaborative research with industry, universities other federal and provincial departments. The Agency funds in-house and collaborative research and technology-development projects²⁵ through three key initiatives:

- **Technology Development (TD) Program:** This program funds research conducted solely by CFIA employees.
- **Research Partnership Strategy (RPS):** The RPS focuses on regulatory research initiatives and requires the CFIA to collaborate with other federal and provincial government departments, universities and industry. The project proposals must relate to the CFIA's Strategic Outcomes. The RPS projects usually span three to four years, and each is peer-reviewed and evaluated when completed. The results are published in an annual performance report.²⁶
- **Quick Start (QS) Program:** Funded from lapsing RPS funds, the QS program was created to provide CFIA laboratories with a vehicle to improve existing diagnostic capability; to address method improvements; and to allow exploration of new methods, technologies or knowledge acquisition through "proof of concept" studies which might evolve into full RPS or TD studies at a later date. All QS program projects are designed to be completed within three months. In 2004–05, 28 completed projects either generated promising results in terms of new methodologies, or were validated and implemented for use in diagnostic laboratories.

QUICK START PROJECT HIGHLIGHT:

Using a commercially available test kit, the CFIA developed a screening method to detect a potential bio-terrorism agent in a variety of foods. This screening tool will now form part of the Agency's emergency preparedness options.

²⁵ For further information, see www.inspection.gc.ca/english/sci/tech/proliste.shtml. (Note that Quick Start Program projects are currently not listed on the CFIA Web Site.)

²⁶ The performance report has been delayed for fiscal years 2003–04 and 2004–05 due to other priorities.



The CFIA recognizes the need, as science and technology policy issues become more complex, to work collaboratively and in an integrated fashion with other science-based departments and agencies (SBDAs) on key horizontal policy issues. The CFIA works actively with the National Science Advisor and other SBDAs to advance integration on initiatives that touch multiple government mandates.

In 2004–05, for example, the CFIA actively participated with provincial governments and other federal SBDAs in a key integration initiative: the development of a national Invasive Alien Species (IAS) Strategy. In September 2004, the Strategy was approved by the federal, provincial and territorial Ministers responsible for wildlife, forests, fisheries and aquaculture, and endangered species; support for minimizing the risk from invasive alien species was announced in the federal budget of February 2005. Under the Strategy, science and technology activities will be integrated federally, inter-jurisdictionally and with non-government partners, to bring resources and expertise to bear on the prevention and early detection of invasive alien species, and on other activities.

The CFIA played a key role in an important element of the Strategy: the drafting of the Proposed Action Plan for Invasive Alien Terrestrial Plants and Plant Pests (September 2004), and a corresponding Implementation Plan (March 2005). It is anticipated that the Implementation Plan will be finalized and submitted for approval by all affected ministers during 2005–06, and implementation of key action items will then begin.

2.3.2b Maintaining an effective regulatory framework

The key planned result associated with this priority is:

- A transparent, rules-based and science-based domestic regulatory framework is maintained.

The CFIA's key activities related to achieving this result are discussed below.

Legislative initiatives

On November 26, 2004, the proposed *Canadian Food Inspection Agency Enforcement Act*, Bill C-27, was introduced in the House of Commons. The proposed Act will consolidate, modernize and enhance the CFIA's legislative framework as it relates to food, seeds, feeds and fertilizers, fish and seafood, agricultural products, and animals and plants. This will establish a more consistent and uniform approach to inspection, enforcement and compliance activities. The Act will also contain new provisions to effectively respond to emerging global issues related to the safety and security of the food, animal and plant supply.

The proposed Act will also strengthen existing enforcement tools at the border, providing the Canada Border Services Agency (CBSA) with better controls when enforcing CFIA legislation at airports and other border points. It will include border control measures similar to those contained in recent United States legislation, allowing Canada to better manage its relationship with its global trading partners. The new regulation-making powers in the proposed Act will provide the framework for a future regulatory review initiative, resulting in a modernized, consolidated, and enhanced regulatory base.

Regulatory initiatives

In developing and updating its regulations, the CFIA uses an internal regulatory development guide, which was developed to help ensure compliance with the Government of Canada Federal Regulatory Policy and with other federal policy requirements, such as the Government Directive on Sustainable Development.²⁷ As well, the CFIA applies a *Framework for the Application of Precaution in Science-Based Decision Making About Risk*.²⁸ The Framework outlines these

²⁷ For further information, see www.pco-bcp.gc.ca/raoics-srdc/default.asp?Language=E&Page=Publications&Sub=GovernmentofCanadaRegula.

²⁸ For further information, see www.pco-bcp.gc.ca/default.asp?Language=E&Page=publications&Sub=precaution&Doc=precaution_e.htm.



guiding principles for the areas of federal regulatory activity, for the protection of health, safety, the environment and natural resources. Using these principles, the CFIA brought 13 sets of regulations to final publication.²⁹

The CFIA planned to develop a regulatory framework for toxic substances in animals that could subsequently affect human health. However, because of other operational priorities, work on this framework did not progress in 2004–05.

In keeping with the 2004 Speech from the Throne, and in the Budget of February 2005, with respect to the Smart Regulation Strategy, the CFIA has increased its efforts to strengthen its regulatory framework to contribute to health, sustainability, innovation and economic growth, while reducing the regulatory burden on businesses.

As one of Canada's largest regulatory agencies, the CFIA has a significant role to play in the Smart Regulation Strategy. To this end, it began developing a regulatory strategy, due to be completed in the fall of 2005. It will outline the decision-making processes within the Agency, the priorities to be addressed, and areas where it can streamline its regulations. Other topics will be how to adapt the Regulatory Development Guide and how to measure its performance in this area.

In 2004–05, in partnership with the Privy Council Office, the CFIA began two pilot projects for regulatory review. One involves streamlining the regulations related to seed variety registration. In 2004–05, the Seed program consulted with stakeholders regarding the future direction of regulatory proposals to make the Variety Registration System more flexible, more timely, and more responsive to changes in the seed sector.

The second pilot relates to fair and ethical trading in fresh fruit and vegetables. A project team, comprising industry and federal government representatives, began to review this area in 2004–05; and it will make recommendations to modernize the *Licensing and Arbitration Regulations*, and the supporting institutional mechanisms. The objective is to minimize economic risks for producers and dealers trading in highly perishable fruits and vegetables.

2.3.2c Protecting consumers and the marketplace from unfair practices

The key planned result associated with this priority is:

- Deceptive and unfair market practices are deterred.

To meet this priority, the CFIA carries out various activities that are intended to deter deceptive and unfair market practices. These activities include enforcing standards for food labelling, verifying compliance with the *Seeds Act*, granting plant breeders' rights, and administering licensing and arbitration for fresh fruit and vegetables.

Fair Labelling Practices Program

This regulatory program complements similar programs in the registered sectors (i.e., the meat, fish and seafood, and dairy sectors) by protecting Canadians from unfair market practices (such as improper weight, unlabelled ingredients, inaccurate label information and misleading advertising) in the non-registered sector. It does so by enforcing the fraud and labelling provisions of the *Food and Drug Regulations* and the *Consumer Packaging and Labelling Regulations*. These regulations apply to domestically produced and imported food products³⁰ at the manufacturing, import and retail levels of trade. The CFIA targets high-risk products and establishments; inspects and analyzes food products; and checks the accuracy of labels.

²⁹ For further information, see www.inspection.gc.ca/english/reg/regarche.shtml, and www.inspection.gc.ca/english/reg/approe.shtml.

³⁰ Such products include cocoa, chocolate products and confectionary; coffee and tea; spices, dressings, salt and seasonings; fats and oils; packaged water and ice; bakery products, grains, cereal; sweetening agents; infant foods; nut and nut products; desserts; frozen prepared meals; snack foods; sports nutrition products; soft drinks; etc.

During 2004–05, the CFIA's inspections of deceptive and unfair market practices identified 10,533 violations. These occurred in areas such as net quantity, composition, adulteration, label information, nutrition labelling, bilingual labelling and misleading claims. Enforcement actions, such as product seizure or prosecution, were undertaken, as appropriate.

Table 2.12 indicates that compliance rates for net quantity, composition, and labelling have all improved over the past three years. Nevertheless, compliance rates for labelling remain low, and the CFIA will continue its efforts to encourage industry to meet legislative requirements. The compliance rate for advertising, which relates to information and claims made on retail signage and promotional materials, is down slightly from a year ago.

The compliance rates in Table 2.12 are not representative of the entire marketplace; they apply only to sectors with a high risk of non-compliance. As well, the products that are targeted vary from year to year, depending on risk.

The CFIA carried out a number of targeted projects designed to bring about improvements in specific areas of low compliance. For example, as one project relating to date labelling shows the compliance rates for this activity have improved from 72% to 89.9% in the past year.

On May 19, 2004, a retailer in Victoria pleaded guilty to two counts of violating the *Food and Drugs Act*. The company was fined \$2500 for mislabelling pork chops by placing a new "Best Before" sticker over the old "Best Before" label. The company was also fined \$5000 for selling pork spareribs which were thawed and had been previously frozen, without displaying a "Previously Frozen" sticker on the package.

Table 2.12: Compliance Rates for Net Quantity, Composition, Labelling and Advertising

Year	Net Quantity	Compliance Rates (%)*		
		Composition	Labelling	Advertising
2004–05	87.8	87.3	67.5	84.7
2003–04	87.2	85.0	63.2	88.4
2002–03	82.9	81.8	54.5	77.0

* Based on products sampled and tested. As inspections are directed toward higher-risk products and establishments, the above data are not indicative of marketplace compliance in general.
Source: SPRINT Trade Compliance Reports.

Another priority project focussed on the composition of ground meat. Inspections showed that 16.8% contained meat from other animals (e.g., pork appeared in ground beef) or contained more fat than permitted by standards.

On November 5, 2004, a retailer in Toronto entered a guilty plea to three counts of violating subsection 5(1) of the *Food and Drugs Act*. A product labelled as ground beef was found to also contain pork and lamb. A product labelled as ground lamb also contained beef, pork and poultry, and a product labelled as ground pork also contained beef, poultry and lamb. The company was fined a total of \$6,000.

Targeted inspections will continue during 2005–06, and retailers will be encouraged to establish processing and labelling protocols to ensure ongoing compliance.

Another inspection project covered “sports nutrition” products, promoted as a means to improve athletic performance. Results indicated that significant non-compliance continues for these products. Many labels were inaccurate with respect to vitamin, mineral or protein levels in the product. Other products made non-permitted claims on their labels. While these products do not pose an immediate health hazard, their misrepresentation or failure to meet regulated labelling or compositional requirements results in consumer deception and unfair competitive practices. The Agency will continue to work to improve compliance in this area by developing policy, communicating with industry, and inspecting and taking appropriate enforcement action.

Compliance with the *Seeds Act*

Under the *Seeds Act*, the CFIA regulates imported and domestic seed, certifies seed exports, and registers seed varieties and seed establishments. As well, the CFIA operates two seed laboratories that provide scientific advice and test for seed germination, varietal purity, seedborne diseases, etc. The CFIA also works with the Canadian Seed Institute (CSI) and the Canadian Seed Growers Association (CSGA) to maintain systems for managing seed quality in Canada.

Registrations: The CFIA’s Variety Registration Office (VRO) registers varieties of most agricultural crops in Canada. Variety registration is an essential component of the seed-certification system. The VRO maintains a Web Site that provides the seed industry and the agri-food sector with up-to-date information on the registration status of plant varieties. During the past year, the VRO registered new 159 varieties and undertook a review of the List of Registered Varieties in Canada to remove any obsolete varieties. This led to the cancellation of 200 varieties which are no longer available for sale.

Together, the CSI and the CFIA oversee a seed laboratory accreditation program that includes 46 private labs, and 87 analysts who provide seed-testing services to the industry. The CSI provides third-party assessment and accreditation services on behalf of the CFIA for both seed establishments and private laboratories. As well, on behalf of the CFIA, the CSI assesses new seed companies that want to become registered processors of pedigreed seed.³¹ The CSI reports annually to the Agency on the extent to which these companies meet federal

³¹ Pedigreed seeds are generally high-quality, high-value seeds.

regulatory requirements. In 2004–05, the CSI reported on 306 establishments³² that had failed to meet these requirements. If the requirements are not met within a specified timeframe, CFIA inspectors take follow-up action. Fifteen establishments did not meet the deadline for corrective action, and they were targeted for further inspections to verify their compliance with the *Seeds Act and Regulations*.

CFIA inspectors also conducted marketplace surveillance (for both pedigreed and non-pedigreed seed), and targeted establishments with poor compliance records (as identified by CSI) and those that had been the subject of complaints. For 2004, results indicated that 97% of pedigreed seed, 86% of non-pedigreed seed and 96% of imported seed met standards for quality. These compliance rates are consistent with those of previous years and indicate that Canadian seeds continue to meet high standards.

Seed Testing: In 2004–05, CFIA seed laboratories conducted 11,214 tests on 11,573 samples — testing primarily for mechanical and varietal purity, germination ability and disease. This analytical service is central to the Agency’s seed inspection and enforcement program, which supports seed exports through issuing international seed-lot certificates. Sample and test numbers for 2004–05 are similar in total to the previous year but reflect an increase of 13% in testing for export certification to meet surging industry demand.

The CSGA monitors and certifies pedigreed seed for all agricultural crops except seed potatoes.³³ CFIA staff (or CFIA-accredited inspectors) inspect seed crops for the CSGA. Based on inspection reports, the CSGA issues crop certificates that indicate compliance with varietal purity standards and pedigreed seed-crop inspection procedures. Last year, about 4482 pedigreed seed growers produced more than 2204 varieties of pedigreed seed. CFIA inspections indicated that 98.5% of these met CSGA standards, thus confirming and maintaining the high quality of Canadian pedigreed seed.

Compliance Interventions

In addition to carrying out CSI audit and verification activities, CFIA staff took 222 actions in response to incidents of non-compliance or complaints. Actions included issuing 139 education/warning letters, 29 detentions, and one refusal of entry into Canada. The Agency’s staff also conducted 36 complaint inspections and 27 investigations with no referrals of cases for prosecution. Further review of follow-up responses to non-compliance issues for seed products in 2004–05 indicates that 98% of such responses were appropriately addressed.

Plant Breeders Rights

Pursuant to Section 78 of the *Plant Breeders’ Rights Act*, the CFIA reports on the administration of the Act. Table 2.13 is a summary of applications received, approved and renewed.

³² The total number of establishments assessed is unclear from the CSI reports.

³³ For further information, see www.seedgrowers.ca/main.asp?lang=e.

Table 2.13: Summary of Applications for Plant Breeders' Rights

	Applications for Rights Protection	Approved	Renewals*	Agency Revenues for Service
Calendar 2003	503	370	836	\$811,005
Calendar 2004	583	364	1019	\$967,800

* Varieties previously approved for grant of rights and renewed during the calendar year.
Source: Plant Breeders' Rights (PBR) Database.

Administering Licensing and Arbitration for Fresh Fruit and Vegetables

The CFIA licenses dealers of fresh fruit and vegetables who market their produce inter-provincially and internationally. The Licensing and Arbitration Program was established to promote fair trading practices for such buyers and sellers. A dealer's licence is subject to suspension or cancellation if the holder does not comply with the trading standards of the *Licensing and Arbitration Regulations*.

In order to facilitate fair trade, the CFIA responds to requests from the industry to inspect, at destination, loads of imported or domestic fresh fruit and vegetables that are received in damaged or deteriorated condition. These inspections are a requirement of the *Licensing and Arbitration Regulations* or a membership of the Dispute Resolution Corporation (DRC).³⁴ The produce is also checked to ensure that it meets import or inter-provincial requirements set out in the *Fresh Fruit and Vegetable Regulations* (specifically with respect to quality, labelling or packaging).

Upon completion of inspection, the CFIA provides a document verifying the condition of the produce. This document allows industry to resolve any dispute it may have with a distributor, without having to seek recourse through arbitration — through either the DRC or through the Government of Canada Board of Arbitration, pursuant to the *Canada Agricultural Products Act*.

In 2004–05, CFIA conducted 14,000 destination inspections. Also, in 2004 the DRC handled 94 disputes related to the condition of product, while the Board of Arbitration handled only one formal complaint.

In addition, 178 inspections resulted in detention of products not conforming to the grade standard for quality, or packaging and labelling requirements of Canada's *Fresh Fruit and Vegetable Regulations*.

Enforcement activities

In 2004–05, under the authority of the *Consumer Packaging & Labelling Act*, the CFIA carried out 7 investigations. Investigations from 2004–05, as well as from previous reporting periods, resulted in 15 charges against companies or individuals. In the past year, the courts registered 9 convictions.

³⁴ The Fruit & Vegetable Dispute Resolution Corporation (DRC) is a private, non-profit organization of produce companies from Canada, the U.S. and Mexico. It is dedicated to providing fair, efficient, affordable and enforceable dispute resolution services. The DRC's mission is to provide the North American produce industry with the tri-national policies, standards and services necessary for resolving disputes in a timely and cost effective manner. For further information, see www.fvdrc.com/en/main-e.htm.

Table 2.14: Enforcement Activities

Legislation	No. of Investigations	No. of Charges Laid	No. of Prosecutions	No. of Convictions	Total Court Assessed Fines
<i>Consumer Packaging & Labelling Act</i>	7	15	4	9	\$11,600
Total*	7	15	4	9	\$11,600

* Because the judicial process may extend beyond the fiscal year, some of the convictions occurring in 2004–05 may be based on investigations and other enforcement activities carried out in previous fiscal years.
Source: NETS.

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2.3.2d Certifying exports*The key planned result associated with this priority is:*

- Other governments' import requirements are met

The CFIA's key activities related to achieving this result are discussed below.

To meet this priority, the CFIA undertakes a series of activities, which include maintaining good relations with bodies such as foreign governments, associations, and domestic industry. These are discussed in other sections of this report. In addition, the CFIA certifies that certain Canadian exports of food and food products, along with plants and animals and their related products, meet the requirements of importing countries. The certification process plays an important role in Canada's

international trade. The CFIA inspects and certifies products destined for international markets. It protects the excellent international reputation of Canada's exports of food, plants, animals, and associated products, which was valued at \$40.2 billion in 2004–05.³⁵

One performance indicator for certification activities is the rate at which foreign importers reject Canadian products because they fail to meet their standards. These rejections can be for a variety of reasons, such as goods deteriorating after inspection, failure of the exporter to provide proper documents, or changes in import requirements on the part of the importing country.

Table 2.15 shows export certification information for foods, plants, animals and related products, and the proportion that importing countries rejected in 2004–05.

³⁵ World Trade Atlas, April 2005.

Table 2.15: Export Certification

Commodity	2002-03		2003-04		2004-05	
	Certified*	Rejected*	Certified	Rejected	Certified	Rejected
Meat	1.8 billion kg	735 000 kg	1.5 billion kg	3.1 million kg**	1.5 billion kg	1.4 million kg
Fish, Seafood and Production	33,649	161	32,300	479	37,703	315
Fresh Fruit and Vegetable	20,888	Not available	20,325	Not available	18,495	Not available
Processed Products	300	Not available	392	Not available	224	Not available
Egg	12.4 million kg	Not available	10.7 million kg	23,000 kg	13.4 million kg	20,284 kg
Honey	3	Not available	4	Not available	2	Not available
Dairy	3393	Not available	2616	Not available	2853	Not available
Animals and Animal Genetics	Not available	Not available	41,820	Not available	45,645	Not available
Plants and Plant Products	62,515	62	68,703	43	69,904	59

* Figures indicate number of export certificates for each year, unless otherwise indicated.

** Rejections increased in 2003-04 as a result of the discovery of BSE in Canada.

Source: CFIA Export Statistics, USDA Import Statistics; CMS; RMS, Area Reports; Manual collection; Export Certification System (ECS).

As Table 2.15 shows, data on rejection rates are only available for some commodities, at this time. The Agency recognizes that there is limited information currently available, and has begun work to develop a process to better track the rates of, and the reasons for, rejections. As further progress is made, better performance information will be available.

CFIA began to develop a web-based "Export Certification System" (ECS) in 2004-05. The purpose of this system is to improve service to Canadian exporters by reducing the time taken to issue export certificates. As of August 2004, the online version of the ECS had been completed for plant products (for plant health purposes), as well as for meat, and fish and seafood products. Work is continuing to improve the efficiency and functionality of the system.

2.3.3 Strategic Outcome: A sustainable plant and animal resource base

Canada’s social and economic well-being is closely linked to the health of our natural environment. The CFIA contributes to protecting the environment by promoting a sustainable plant and animal resource base. This aspect of environmental protection entails protecting Canada’s livestock, crops and forests from regulated pests³⁶ and diseases. It also includes preventing the introduction of toxic substances into animal and plant production systems that could affect human health or the environment.

The Agency has designated three priorities relating to this strategic outcome. These are:

- Protecting Canada’s crops and forests
- Protecting Canada’s livestock
- Assessing agricultural products

The mandate for achieving this Strategic Outcome flows from the following legislation:

- the *Plant Protection Act*
- the *Fertilizers Act*
- the *Health of Animals Act*
- the *Feeds Act*

The CFIA spent approximately \$137 million in 2004–05 on achieving this Strategic Outcome.

Table 2.16: Financial Resources 2004–05

Planned Spending (\$ millions)	Actual Spending (\$ millions)
\$128.4 ³⁷	\$136.7

2.3.3a Protecting Canada’s crops and forests

Protecting Canada’s crops and forests contributes to our environment and economy. The CFIA works with other federal and provincial government agencies, industry and other stakeholders to protect this resource.

In support of this priority, under the Invasive Alien Species Strategy, the CFIA is working with its federal and provincial partners to protect Canada’s crop and forest resource base. New funding for this initiative is expected in 2005–06.

The CFIA plays a central role in keeping plant diseases and pests from entering Canada at our international border points. Within Canada, the Agency works to control or eradicate pests. Keeping Canadian plants and plant products disease — and pest-free is also critical to ensuring the safety and quality of Canadian plant resources, and to protecting our export markets. (For more details, refer to the section on export certification in 2.3.2d.)

The two key planned results associated with this priority are:

- The entry and domestic spread of regulated plant diseases and pests are controlled
- Industry complies with federal Acts and regulations

³⁶ Regulated pests are those which Canada has designated as being particularly injurious from the socio-economic perspective. Canada is working with its international partners to control the spread of these pests.

³⁷ The planned spending includes funds allocated for enhanced BSE programming, however, expenditures for this program were reallocated and are now reflected in the actual spending for the Strategic Outcome covered in Section 2.3.1 of this report.



ECONOMIC VALUE OF TRADE IN PLANTS AND PLANT PRODUCTS TO CANADA (2004–05)

Total exports: \$24 billion

Total imports: \$9 billion

Source: World Trade Atlas, Statistics Canada.

The CFIA's key activities related to achieving these results are discussed below.

Controlling the entry and domestic spread of regulated plant diseases and pests

The purpose of the *Plant Protection Act* is to prevent pests injurious to plants from being imported or exported into Canada and from spreading within the country and from being exported out of it. The Act also provides for controlling and eradicating pests, and for certifying the pest-free status of plants and other things. To encourage reporting of plant pests, regulations may be made under the *Plant Protection Act* to compensate producers for destroying plants and plant products that have been found infested with a specified regulated pest. In 2004–05, under regulations, the CFIA paid out \$4.03 million in compensation.

Pest Risk Assessments

The objective in carrying out Pest Risk Assessments (PRAs) is to determine which pests would pose the most risk if they were to enter Canada. These risks include financial losses for farmers or foresters, and damage to the environment.

The PRAs and related outputs that the CFIA has done this year, along with knowledge gained from other organizations have increased its scientific understanding of the risks that pests pose to this country's crops and forests. The CFIA has used this information to refine

and strengthen Canada's import controls. The Agency has also used it to keep pests from spreading within Canada and, to eradicate them, where possible.

In 2004–05, the CFIA conducted 27 PRAs and other similar reviews (compared with 37 in 2003–04) using scientific and diagnostic expertise from AAFC, the Canadian Forest Service (CFS), Environment Canada (EC) and various provincial departments. As the demand for PRAs and like reviews is expected to increase because of increased trade in plant products, the CFIA will continue to develop and evaluate processes to improve efficiency. For example, the Agency is using PRA data from sources such as the North American Plant Protection Organization (NAPPO), as well as the International Plant Protection Convention (IPPC) member countries.

Import permits and import at ports of entry

Importers who wish to bring plants and plant products into Canada must first obtain an import permit from the CFIA for items regulated under the *Plant Protection Act*. Import permits and inspections by CFIA inspectors are key elements in reducing the risk of diseases and pests being imported into Canada. Permits set strict conditions that importers must meet before their products can enter Canada. In 2004–05, more than 3900 new permits were granted.

After importers have received their permits, and when products arrive at the Canadian border, government inspectors examine them to confirm that they comply with federal Acts and regulations. Starting in January 2005, the responsibility for this activity was transferred to the Canadian Border Services Agency (CBSA). Where the CFIA's expertise in inspection work is required, the Agency will provide it. As the numbers in Table 2.17 show, import inspections have increased in the past two years as a result of increased trade in plants and plant products.

Table 2.17: Import Inspections Completed

	2000-01	2001-02	2002-03	2003-04	2004-05
Import inspections	21,863	35,247	27,759	28,316	33,204

Source: RMS.

CFIA inspectors spent approximately 3000 hours³⁸ on “control actions”³⁹ related to imported products that did not meet import requirements. No information is available on the number of violations detected by the Agency’s inspection activities that may have resulted in the introduction of any regulated plant pests or diseases in Canada in 2004–05.

Keeping regulated plant pests from spreading within Canada

Despite the Agency’s best efforts at the border, some foreign pests and diseases have found their way into Canada in previous years. When a regulated pest is discovered, the CFIA initiates pest control measures for the purpose of eradicating or preventing its spread, and may establish quarantine zones as a prevention measure.

Surveillance and eradication of plant pests

Various regions of Canada are surveyed routinely to detect foreign pests that may have entered this country, and to define the boundaries of any infestations. CFIA operational staff are responsible for the survey program. However, some pest surveys are conducted in cooperation with other agencies, such as the Canadian Forest Service and provincial departments of agriculture and natural resources. Occasionally, these agencies lead in regional coordination and delivery. The CFIA, however, acts as a central repository of all regulated pest survey data, regardless of the agencies involved in delivering the survey program.

Pest surveys allow Canada to validate its claims of “pest-free status” for certain areas, to detect any new pests, and to establish quarantine zones to limit their spread. These pest surveys are also central to control and eradication programs. The information from surveys helps to measure the success of eradication programs and allows the CFIA to certify that plants are pest-free at the point of export.

In 2004–05, the CFIA surveyed thousands of sites across Canada for the presence of specific insects, fungi, viruses or nematodes. Of the 23 pests for which surveys were done, the largest efforts focussed on Plum Pox Virus and Potato Wart. Surveys for Emerald Ash Borer, the Brown Spruce Longhorn Beetle and the Asian Long-horned Beetle were limited to the quarantine zones or regulated areas, and to container inspections at the ports of Halifax, Montreal and Vancouver.

Despite the best efforts of the Agency and its partners, there has been mixed success in containing and eradicating these and other pests and diseases, as outlined below.

- Surveys indicate that **Potato Wart** (PW) has not spread outside of the quarantined area of central Prince Edward Island.

³⁸ According to RMS Reports.

³⁹ Includes the supervision or orders/notices to treat (application of pesticides), clean, disinfect and destroy imported commodities that do not meet regulatory requirements.



- An extensive public-awareness campaign and tree-removal activities in the regulated area of Toronto and Vaughan have reduced the population size of the **Asian Long-horned Beetle** (ALHB). More pest-mitigation activities are required. However, the program to eradicate ALHB shows promise.
- The **Emerald Ash Borer** (EAB) is a devastating pest that infects ash trees and has, unfortunately, become established in Essex County, Ontario. Earlier efforts to control this disease have now been refocussed on implementing a program to slow the spread of EAB in Southwestern Ontario. This program should, in the short term, protect valuable urban landscape trees and other stands of ash trees throughout Ontario and Quebec, while providing time for the EAB research community to develop potential mitigation tools or alternative strategies with the Agency's partners.
- Since 2000, the CFIA had made significant progress in eradicating the **Brown Spruce Longhorn Beetle** in the greater Halifax area. However, in 2003, Hurricane Juan struck the area, causing significant damage to trees within the quarantine zone — and providing the beetle with a more favourable environment for population growth. Efforts to control and eradicate the beetle are continuing.
- In April 2004, the Agency began a seven-year program (developed with the provinces and the industry) to eradicate the **Plum Pox Virus** (PPV). The program involves sampling, testing and removing trees where necessary. This program builds on a three-year program that began in 2001, and which has successfully suppressed the disease in the Niagara region of Ontario, and nearly eradicated it in other parts of the province and Nova Scotia.

The CFIA has six laboratories across Canada that test samples of plants for the presence of pests. The test samples are collected from surveys of infected and non-infected areas. The laboratory results indicate both where quarantine zones should be established, and whether survey work should be continued.

More detailed reports of each pest survey, including maps of survey locations and finds, are posted on the CFIA Plant Pest Surveillance Web page.⁴⁰

Emergency responses to new pests

In March 2004, the USDA notified the CFIA about the possible incursion into Canada of *Phytophthora ramorum*, the pathogen that causes Sudden Oak Death (SOD). In response, the CFIA carried out an emergency survey to locate suspect imported material in British Columbia. During this survey, 1435 camellia plants (which act as hosts for SOD) were recalled and destroyed. Through further work, the pathogen was found at two wholesale nurseries, twelve retail centres, ten residential sites and eight urban landscape sites. The Agency took steps to eradicate the pathogen at each of the sites where it was present. All infected sites will be inspected and sampled for the next two years to determine whether the eradication efforts were successful.

In June 2004, Chrysanthemum White Rust was found in a single greenhouse in British Columbia. An action plan was implemented, and the disease was eradicated.

⁴⁰ For further information, see www.inspection.gc.ca/english/sci/surv/surve.shtml.

In support of the SOD/Camellia recall, the CFIA launched a number of initiatives. It produced recall posters and developed handouts that were translated into Punjabi and Chinese, set up a toll-free hotline to handle calls, placed public notices in British Columbia newspapers, and conducted numerous media interviews.

The SOD/Camellia recall is considered a great success, with over 1400 plants picked up over a six-week period — representing a high percentage of the camellias estimated to have been imported from the affected nursery. The partnership that was created between the CFIA and the BC Landscape and Nursery Association (BCLNA) was beneficial to both parties, with the CFIA setting up the call line, the BCLNA picking up the affected plants, and both organizations working to inform the public and the news media.

Industry complies with federal acts and regulations

The second planned result associated with the priority of protecting Canada’s crops and forests relates to ensuring that industry complies with federal Acts and regulations. These include the *Plant Protection Act*, discussed above, and the *Fertilizer Act*.

Regulating Canada’s Fertilizer Industry

The *Fertilizer Act* provides the CFIA with a mandate to monitor regulated products through random inspections at blending plants, manufacturing plants, processing plants, retail outlets and warehouses. The Agency verifies that products either sold in Canada, or imported into this country meet the standards set for them. The CFIA routinely samples fertilizers, fertilizer-pesticides and supplements to confirm their efficacy, their safety in terms of health and the environment, and the accuracy of information on their labels (see the Fair Labelling Practices Program in Section 2.3.2c).

Regulated fertilizer and supplement products include bulk-blended fertilizer, composts and processed sewage, and synthetic chemical products. According to the Canadian Fertilizer Institute, Canada’s fertilizer and supplement⁴¹ industry contributes \$6 billion annually to the national economy. The CFIA’s programs for regulating fertilizers are described below.

Bulk-Blend Fertilizer Monitoring. The Agency monitors approximately 1200 bulk-blend fertilizer facilities across Canada. In 2004–05, the Agency analyzed 810 samples of these products to verify guarantees for nitrogen, phosphorus and potassium.

Table 2.18: Sampling and Compliance for Bulk-Blend Fertilizers

	2000–01	2001–02	2002–03	2003–04	2004–05
Number of samples	800	717	887	912	810
Compliance	83%	80%	83%	84%	84 %

Source: LSTS and manual collection.

⁴¹ According to the *Fertilizer Act*, “supplement” means any substance or mixture of substances, other than a fertilizer, that is manufactured, sold or represented for use in improving of the physical condition of soils or aiding plant growth or crop yields.

As the data show, compliance rates have not improved over the past five years. In the past, the CFIA has tried various approaches — such as warnings and follow-up inspections — to improve compliance. The most recent efforts involve targeting blending facilities that have low compliance levels. The expectation is that targeting these facilities will improve overall compliance rates. The Agency will report in 2005–06 on the effectiveness of these efforts.

The Canadian Fertilizer Quality Assurance Program.

The Canadian Fertilizer Quality Assurance Program (CFQAP) is a voluntary, industry-government program that requires fertilizer blenders to submit samples to accredited laboratories for analysis. The laboratories submit the results directly to the CFIA, which compiles the results and publishes annual plant ratings.⁴² Table 2.19 shows a consistent compliance rate during the past four years.

In 2005–06, the Agency will work through industry associations to improve the level of participation in this

voluntary program, as well as the level of compliance. The Agency will report the results of these efforts in 2005–06.

Pathogen Testing. The CFIA tests products such as processed sewage sludge and compost for microbial contaminants, using *Salmonella* and faecal coliform as indicators of contamination. Testing is necessary because of the potential transfer of pathogenic (disease-causing) micro-organisms from waste materials to the environment, and to people handling the products. In 2004–05, 68 valid samples were collected and analyzed to determine whether the level of contamination remained within acceptable limits. The compliance rate was 96%, an increase of two percentage points over the previous year. Consistent year-over-year improvements in compliance may be attributable to the increased emphasis on testing, which began in 2000. The CFIA's response to incidents of non-compliance has been to prohibit products from being sold, and to carry out follow-up inspections.

Table 2.19: Canadian Fertilizer Quality Assurance Program (CFQAP) Results

	2000	2001	2002	2003	2004
Samples ⁴³	2887	2804	2527	2034	1578
Compliance	84.5%	80.0%	79.0%	80.5%	80.9%

Source: Fertilizer Registration System (FERRES).

⁴² The report is not posted on the CFIA's Web Site; however, it is available upon request.

⁴³ The number of samples submitted to the CFIA under CFQAP has decreased over the years due to declining participation in this voluntary program.

Table 2.20: Level of Sampling and Compliance for Pathogen Testing

	2000	2001	2002	2003	2004
Number of samples	44	55	53	52	68
Compliance	77%	82%	91%	94%	96%

Source: LSTS and manual collection.

Enforcement Activities. In 2004–05, the CFIA conducted 80 investigations under the *Plant Protection Act* and the *Fertilizers Act*, which, along with investigations launched in previous reporting periods, led to 22 charges against companies or individuals. In the courts, six prosecutions were begun, six convictions were handed down and a total of \$17,500 in fines was assessed. Convictions

pertained to violations such as non-compliance with quarantine zones.

In addition, as part of their ongoing enforcement activities, CFIA staff issued 14 warnings and 43 penalties in order to bring about better compliance, resulting in fines totalling close to \$66,000. Those penalties apply only to the *Plant Protection Act* and its *Regulations*.

Table 2.21: Enforcement Activities

Legislation	Investigations	Charges Laid	Prosecutions	Convictions ⁴⁴	Total Court Assessed Fines
<i>Plant Protection Act</i>	78	20	5	6	\$17,500
<i>Fertilizers Act</i>	2	2	1	0	\$0
Total*	80	22	6	6	\$17,500

* Because the judicial process may extend beyond the fiscal year, some of the convictions occurring in 2004–05 may be based on investigations and other enforcement activities carried out in previous fiscal years.

Source: NETS.

2.3.3b Protecting Canada's livestock

The CFIA helps to protect Canada's animal health status through two programs: Animal Health (under the authority of the *Health of Animals Act*) and Livestock Feeds (under the authority of the *Feeds Act*).

ECONOMIC VALUE OF TRADE IN ANIMALS AND PRODUCTS TO CANADA (DECEMBER 2004)

Total exports: \$12 billion

Total imports: \$4 billion

Source: World Trade Atlas, Statistics Canada.

⁴⁴ Convictions may result from enforcement actions from previous years, not just the current fiscal year.

The two key planned results associated with this priority are:

- The entry and domestic spread of regulated animal diseases is controlled
- Industry complies with federal Acts and regulations

The CFIA's key activities related to achieving these results are discussed below.

Controlling the entry and domestic spread of regulated diseases

Under the *Health of Animals Act*, anyone having care or control of an animal must report the presence or suspicion of a reportable disease to the CFIA. The *Reportable Diseases Regulations*⁴⁵ list these diseases. Under the Act, the Agency monitors, tests, inspects and orders quarantines so that regulated animal diseases can be prevented, controlled or eradicated. To encourage early reporting of suspected diseased animals, the CFIA administers a compensation program under the *Health of Animals Act*. In 2004–05, the CFIA paid livestock owners \$69 million⁴⁶ in compensation.

Canada is one of more than 167 member countries of the World Organisation for Animal Health (OIE). The CFIA reports annually to the OIE on the status of animal diseases in Canada. Diseases listed in the *Reportable Diseases Regulations* include those that must be reported to the Organisation.

The Agency also belongs to the Canadian Animal Health Network (CAHNet), which links partners involved in monitoring animal diseases within Canada. While the CFIA can provide information on all OIE diseases that are reportable in Canada, it relies on the provinces and other CAHNet partners for information on the remaining OIE notifiable diseases.

Import controls and risk evaluations

To control the entry of regulated diseases, the CFIA regulates the entry of all imported animals and animal products, and carries out scientific risk evaluations to guide its import policies. The CFIA evaluates the risks relating to both the commodity being imported, and the disease status of the exporting country. These evaluations provide objective information to support regulatory decisions, and any decisions to impose import controls. In 2004–05, the Agency's risk evaluations focussed on avian influenza, bovine spongiform encephalopathy, and related SRM analysis.

Border inspections, supported by the CFIA's inspection expertise, are based on risk evaluations. Inspections target high-risk animals that may show visible signs of disease. Higher-risk shipments may be subject, for example, to quarantine, import permits and testing, before and after they enter Canada. Animals that do not meet import requirements, or which pose a threat to Canada's animal-health status, are either not permitted to enter this country, or may be ordered removed or destroyed. Most live animals from countries other than the U.S. are subject to quarantines, which the CFIA enforces.

In 2004–05, the CFIA, through the services of the Canada Revenue Agency and the Canada Border Services Agency, controlled the entry of more than 21.1 million farm animals to Canada (compared to 20.8 million in 2003–04). Of those animals, 120 were turned back at the border. This figure includes a number of horses from the U.S. that were refused entry following an outbreak of *Vestibular stomatitis* in three American states. This disease is reportable to the OIE, and under the CFIA's Reportable Disease Regulations.

⁴⁵ For further information, see <http://laws.justice.gc.ca/en/H-3.3/SOR-91-2/132116.html>.

⁴⁶ The majority of compensation money (some \$68 million) was provided to those producers affected by the Avian Influenza outbreak in 2004.

Whenever a trading partner reports a disease outbreak that threatens Canada, the CFIA alerts the Canada Border Services Agency (CBSA), CFIA's field staff and industry. Depending on the threat, the Agency may suspend import permits for the affected species. For example, in 2004–05, animal diseases were reported from countries in the Pacific Rim and three European countries. Accordingly, the CFIA suspended imports of animals (for example, from Finland and Sweden), while removing restrictions from other countries (such as the U.S. and Japan) when the threat was no longer present. Based on surveys, activities and testing, there is no evidence at this time that any new foreign animal disease entered Canada in 2004–05.

Controlling the spread of disease within Canada

The CFIA targets regulated diseases in livestock through control programs designed to prevent or mitigate the effects of disease outbreaks.

Examples of CFIA animal disease control programs include: chronic wasting disease, scrapie and equine infectious anaemia. The CFIA's program for animal diseases that can be transmitted to humans are discussed in Section 2.3.1b.

Chronic Wasting Disease (CWD). CWD is a transmissible spongiform encephalopathy (TSE) that affects deer and elk. First discovered in Canada in farmed elk, CWD has since been controlled in farmed elk and deer. Only one out of 32,566 animals has tested positive for the disease in the last two years. These data indicate that the eradication program (which involves provincial governments, the farm animal industry and other stakeholders) has controlled the spread of the disease. However, sampling and testing programs indicate that CWD is still present in wild deer and elk. Given CWD's long incubation period, surveillance and testing of farmed animals will continue to verify that the disease has not spread from wild to farmed animals.⁴⁷

Scrapie. Scrapie is a TSE that affects sheep and goats. The CFIA's control program requires that all animals exposed to the disease must be destroyed and prevented from entering the food chain. From 2002 to 2004, some 9132 animals from 17 flocks were destroyed. As the chart below shows, the incidence of scrapie had dropped significantly by 2004, indicating that the CFIA's control program has been effective in preventing scrapie from spreading.

Table 2.22: Scrapie

	2002	2003	2004
Positive results	4 flocks	12 flocks	1 flock
Number of animals destroyed	3331 on 15 premises	5360 on 36 premises	441 on 3 premises

Source: Laboratory Reports, Canada's Zoosanitary Situation 2002 and 2003.

⁴⁷ For further information, see www.inspection.gc.ca/english/anima/heasan/disemala/cwdmdc/cwdmdcfse.shtml.



In 2004, changes were made to the program, with a view to eventually eradicating scrapie. The changes include the use of genetic screenings to select animals to be destroyed, and of definitive disease testing. The Agency will report on the results and effectiveness of this program in future years.⁴⁸

Equine infectious anaemia (EIA). EIA occurs in the western provinces of Canada. Animals that test positive for EIA are, with few exceptions, destroyed. The Agency's control program is working, as evidenced by a sharp decline in the number of animals testing positive between 2002 and 2004. As shown in Table 2.23, this decrease occurred despite increased testing.

Industry complies with regulations

The second planned result associated with the priority of protecting Canada's livestock relates to ensuring that industry complies with federal Acts and regulations.

Feed ban inspections

Using the authority of the federal *Feeds Act* and the *Health of Animals Act* and their respective regulations,

the CFIA administers a national livestock feed program to verify that livestock feeds either manufactured and sold in Canada, or imported into this country are safe, effective and labelled appropriately. Effective feeds contribute to the production and maintenance of healthy, efficient livestock.

In 2004–05, the Agency carried out a comprehensive review of Canada's feed ban (under the *Health of Animals Regulations*), which prohibits feeding most mammalian proteins to ruminant animals such as cattle, sheep and goats.

Data indicate that, over the last three fiscal years, compliance has been in the 92–97% range for feed mills and 90–97% range for renderers.⁵⁰ The data indicate clearly that the feed mill and rendering industries have a high rate of compliance with the feed ban. The review confirmed that data used to generate compliance rates are valid and reliable.

Table 2.23: Equine Infectious Anaemia

	2002	2003	2004
Positive results	193	58	69
Number tested	78,090	80,506	81,925

Source: EIA Statistical Reports⁴⁹

⁴⁸ For further information, see www.inspection.gc.ca/english/anima/heasan/disemala/scrtre/scrtree.shtml.

⁴⁹ For further information, see www.inspection.gc.ca/english/anima/heasan/disemala/equianem/equianeme.shtml.

⁵⁰ Renderers recycle dead animals, fat and meat waste into protein supplements to be fed to pets and livestock, as well to make into other products such as cosmetics and gelatine.

Table 2.24: Compliance on a Facility by Facility Basis

	2002-03*	2003-04**	2004-05***
Feed mills			
Proportion that are fully compliant with minor deviations only	92%	97%	95%
Proportion with at least one major deviation	8%	3%	5%
Renderers			
Proportion that are fully compliant with minor deviations only	90%	97%	93%
Proportion with at least one major deviation	10%	3%	7%
* Of 342 mills and 30 renderers.			
** Of 550 mills and 31 renderers.			
*** Of 311 mills and 15 renderers.			
Source: MCAP; data validity was tested for the Feed Ban Review and was found to be reliable			

Another indicator of the effectiveness of the CFIA's inspection and follow-up activities is the time that facilities take to deal with instances of non-compliance identified by inspections. The number of days that an industry takes to resolve non-compliance issues is presented in Table 2.25. For both industries (particularly

for the rendering industry), the average time to resolve an issue has decreased. This number reflects the time it takes for plants to remedy an unsatisfactory inspection item, and for inspectors to certify that a facility has taken the appropriate action.

Table 2.25: Time for Resolving Non-Compliance Issues (in Days)

	2002-03*	2003-04**
Feed mills	100.3	78.1
Renderers	59.4	6.1
* Based on 342 mills and 30 renderers.		
** Based on 550 mills and 31 renderers.		
Source: MCAP; data validity was tested for the Feed Ban Review and was found to be reliable.		

In future years, the CFIA will report on both the rates of compliance with the medicated feed guidelines and the traditional feed inspection system.

Enforcement Activities

In 2004–05, the CFIA undertook various enforcement activities under the authorities of the *Health of Animals Act* and the *Feeds Act*. These are outlined in Table 2.26.

Table 2.26: Enforcement Activities⁵¹

Legislation	Investigations	Charges Laid	Prosecutions	Convictions	Total Fines
<i>Health of Animals Act</i>	673	213	138	143	\$143,600
<i>Feeds Act</i>	40	2	1	1	\$2,000
Total*	713	215	139	144	\$145,600

* Because the judicial process may extend beyond the fiscal year, some of the convictions occurring in 2004–05 may be based on investigations and other enforcement activities carried out in previous fiscal years.
Source: NETS.

2.3.3c Assessing agricultural products

The key planned result for this priority is:

- Agricultural products meet the requirements of federal Acts and regulations

The CFIA's key activities related to this result are discussed below.

This priority focuses on assessing and approving new agricultural products created through biotechnology to ensure that they meet the standards set by federal Acts and regulations. Associated activities include assessing the safety and effectiveness of products, ensuring the accuracy of their labels, monitoring field trials, and taking other compliance and enforcement actions.

New products

The CFIA assesses and approves new feeds, fertilizers or supplements before they can be sold. The CFIA also monitors releases of proposed new products for research purposes.

Fertilizers

In 2004–05, the CFIA processed and closed 1396 submissions relating to fertilizers and supplements. Of these, 663 were registration-related (new products, re-registrations, amendments) while the remaining 733 were processed for various reasons, including label reviews, notifications, inspector requests and complaints. In total, 46 new fertilizer and supplement products were registered for sale in Canada.

Feeds

The *Feeds Act* and *Regulations* require pre-market approval of all new ingredients in livestock feeds, and registration of specialty mixed feeds. In the case of both fertilizers and feeds, products are approved only if the review has determined that they pose minimal risk of adversely affecting the environment, animals, plants or humans. Last year the CFIA received and completed reviews of 759 submissions requesting approval for new products. Of these submissions, 730 (96%) met legislative requirements and were approved, which is an effective indicator that clients are aware of the program and the required elements for compliance.

⁵¹ Convictions may result from enforcement actions from previous years, not just the current fiscal year.



Regulating new biotechnology products

Products created using biotechnology include products such as plants and seeds with “novel” (i.e., new) traits, feeds, fertilizers with supplements, and veterinary biologics.

Activities under this priority include inspection, testing and monitoring, verification, compliance and enforcement with respect to these products. These activities extend to carrying out confined field trials for plants with novel traits. Specific key activities are outlined below.

Canadian Regulatory System for Biotechnology

The Canadian Regulatory System for Biotechnology (CRSB) is part of a broader initiative, the Canadian Biotechnology Strategy (CBS). The vision of CBS is to “enhance the quality of life of Canadians in terms of health, safety, the environment and social and economic development by positioning Canada as a responsible world leader in biotechnology.”⁵²

The CRSB aims to develop an efficient, credible and well-respected regulatory system that safeguards the health of all Canadians and the environment, and permits safe and effective products. The CFIA received \$11.2 million annually for this initiative, starting in 2003–04.

In 2004–05, the CFIA initiated a review of the CRSB within the CFIA. The report will be completed in 2005–06, and conclusions will be available in next year’s performance report.

For additional information, please refer to the TBS Canadian Biotechnology Strategy Web site.⁵³

Licensing veterinary biologics

The CFIA is responsible for licensing and regulating veterinary biologics in Canada. These include animal health products such as vaccines, antibody products and diagnostic tests. This licensing program is central to Canada’s national animal health program, which strives to protect the health of Canadian citizens, their domestic pets, and animals used for food.

“Veterinary biologics” are products designed to diagnose, prevent, or treat animal diseases. They are used to protect or diagnose disease in a variety of animals, including farm animals, household pets, poultry, fish, and fur-bearers, both domestic and wild. Most biologics leave no chemical residues in animals, unlike some pharmaceutical products. Furthermore, most disease organisms do not develop resistance to the immune response produced by a veterinary biologic.⁵⁴

The CFIA also monitors the manufacturers and importers of these products. For example, it inspects their facilities to ensure minimal adverse effects on the environment, animals, and humans from applying or using these products. It also investigates consumer complaints regarding suspected adverse reactions to veterinary biologics.

To meet Canadian licensing requirements, veterinary biologics must be shown to be pure, potent, safe and effective when used according to the manufacturer’s label recommendations. In recent years, the animal health products industry has increasingly been relying on veterinary biologics to prevent and diagnose disease.

⁵² For further information, see www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/cbs-scb/description_e.asp.

⁵³ For further information, see www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/cbs-scb/2005-2006_e.asp.

⁵⁴ www.aphis.usda.gov/lpa/pubs/pub_ahvetbiologic.html

The complexity of new veterinary biologics products, along with other factors, has resulted in an increased workload for CFIA staff. As a result, the Agency has been finding it more difficult to meet its service standard timelines for reviewing submissions.

The average time to complete the initial review for a new product-licensing submission was 214 days in 2004–05, which exceeded the Agency’s service standard target of 180 days. The CFIA is trying to increase its capacity through adding staff and changing procedures to make the system more efficient; and will assess and report on the effectiveness of these steps toward its goal of meeting the standard of 180 days for reviewing submissions.

The result of submission review is that all products meet relevant regulatory requirements before being licensed. This contributes to the CFIA’s priority of sustaining the animal resource base.

No data are available on the effectiveness and results relating to post-licensing activities such as inspections of manufacturing plants.

Approval of plants with novel traits and surveillance of confined field trials

The CFIA is responsible for regulating plants with novel traits (PNTs) — traits that result from various plant-breeding techniques such as genetic engineering or conventional cross-breeding — that are imported or released into the natural environment.

A key tool in reducing risks (such as cross-contamination of species or accidental damage to the environment) is the exercise of “confined field trials.” These allow PNT developers to conduct research on their products and to understand how they interact with other plants in the environment. The CFIA sets specific terms and conditions for these trials. Compliance problems that the Agency identified in confined field trials during 2004–05 were corrected, and did not pose any environmental or safety concerns.

In addition to assessing and monitoring confined field trials of PNTs, the CFIA must also approve PNTs before they can be released into the environment and subsequently be commercialized and grown in Canada. In 2004–05, CFIA approved 3 new PNTs for unconfined environmental release, bringing the total as of March 31, 2005 to 42.

Table 2.27: Veterinary Biologics New Product Submission Review

	2002	2003	2004
Number of submissions received	60	67	65
Average time for completion of review (days)	175	321	214

Source: Manual data collection.



Report of the Auditor General of Canada on the regulation of plants with novel traits⁵⁵

In March 2004, the Office of the Auditor General (OAG) audited CFIA's management of documentation relating to PNTs. The report was not intended as an appraisal of the *safety* assessment of plants with novel traits conducted by the CFIA. The audit found that the majority of assessments done by the CFIA were well documented, but that some areas needed improvement. The OAG's findings raised concerns that the Agency may not be regulating the unconfined release of these plants in a consistent manner. The audit noted that undeclared and undetected plants with novel traits could be imported into Canada and escape Canada's regulatory system. There was also a risk that unapproved ornamental PNTs could be present in Canada.

While the Auditor General's conclusions reflected on CFIA administrative issues rather than the safety of the regulatory system, the Agency agreed that these situations could occur. In 2004–05, the CFIA took steps to address the concerns that the auditors raised, and has acted on all recommendations.

For example, the CFIA has drafted and implemented new procedures for evaluating PNTs for confined and unconfined release, for handling secure materials and for reviewing imports. Also, the ornamental industry will be included in new industry guidance documents on novelty as a trigger for regulatory oversight.

2.3.4 Strategic Outcome: Canada's food supply and agricultural resource base are secure from deliberate threats

The Government of Canada is committed to protecting Canadians from deliberate threats to their safety. Chemical and biological threats to humans can occur through the deliberate contamination of the environment, food or water supplies. Threats to our animal and plant resource base may occur through the deliberate introduction of significant plant pests or foreign animal diseases.

The Agency has two priorities relating to this Strategic Outcome:

- Preparing for emergencies
- Enhancing the Agency's capacity to respond to emergencies

The CFIA spent approximately \$30 million in 2004–05 on achieving this Strategic Outcome.

Table 2.28: Financial Resources 2004–05

Planned Spending (\$ millions)	Actual Spending (\$ millions)
\$31.5	\$30.3

2.3.4a Preparing for emergencies

The key planned result associated with this priority is:

- The Agency is ready to respond rapidly to emergencies

The CFIA's key activities related to achieving this result are discussed below.

⁵⁵ March 2004 Report of the Auditor General of Canada — Chapter 4 — Canadian Food Inspection Agency — Regulation of Plants with Novel Traits; available at www.oag-bvg.gc.ca/domino/reports.nsf/html/20040304ce.html.

The CFIA takes an “all hazards” approach to readying itself to deal with emergencies, whether the emergency is an unintentional disease outbreak or a deliberate terrorist threat. Accordingly, in 2004–05 the CFIA continued with a number of special initiatives and ongoing activities to maintain and improve its capacity to respond quickly and effectively should an emergency arise.

This section provides information on what the Agency has done to both prepare for emergencies, and to refine its responses to them. The true test of preparedness can only be known when an emergency occurs. However, the Agency continues to maintain and develop intergovernmental links, and to participate in and lead various emergency response exercises. These exercises give the CFIA the opportunity to test, assess and refine approaches, as necessary, in light of the experience they provide. Furthermore, “lessons learned” reviews of actual events (such as the 2004 avian influenza outbreak and the positive cases of BSE in Canadian cattle) also provide opportunities for the CFIA to enhance and refine its emergency response planning.

Establishing linkages and participating in emergency exercises

Responding to an emergency is a complicated exercise involving many partners. Launching an effective, integrated response to agricultural and food safety emergencies requires that all players involved understand their respective roles and responsibilities, and that information for making decisions flows quickly among them. Numerous federal departments, provinces and territories, as well as the United States and others, play key roles in responding to an emergency. Therefore, effective intergovernmental links need to be established.

In 2004–05, the Agency continued work on government initiatives — such as the National Emergency Response System and the National Emergency Transportation System — to enhance the national capacity to respond to emergencies. In addition, the Agency participated in

a number of exercises designed to test responses to both deliberate threats and animal disease outbreaks. Two of these exercises are highlighted below.

To capture and assess the exercise results, the Agency uses “After Action Reports” (AARs). The reports record major observations and lessons learned, and recommend future improvements to protocols and communications for training and exercises.

Examples of exercises:

Exercise “Equinox” — This exercise was the third in the 2003–05 Tripartite exercise series involving bodies from three countries: the CFIA; the United States Department of Agriculture; and the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food of the United Mexican States. The Equinox exercise examined cross-border interactions between the United States and Canada during a simulated outbreak of Foot and Mouth Disease (FMD) in order to enhance preparedness for a potential outbreak and to better integrate data within and between countries. The analysis of the exercise will be captured in an AAR. The CFIA and USDA will use the analysis to further strengthen their response plans and training.

Exercise “Triple Play” — This counter-terrorism exercise was carried out in conjunction with the U.S. “Exercise TOPOFF 3”. It also provided an opportunity for CFIA staff in headquarters and in the Atlantic area to participate in a simulated foodborne illness outbreak. CFIA participants demonstrated their comprehensive knowledge of emergency plans and arrangements with federal and provincial partners. The AAR for this exercise is currently being developed.



Lessons learned from managing outbreaks

In early 2004, an outbreak of avian influenza (AI) occurred in the Fraser Valley, in British Columbia. In July 2004, the CFIA launched a review to analyse and document lessons learned from the outbreak. Its purpose was to determine what worked, what did not work, and what improvements were needed to manage any future outbreaks more effectively. A report of the review was released in January 2005.⁵⁶ It concluded that while many things had worked well, there were crucial areas that CFIA could focus on to improve its effectiveness in responding to emergencies. These related largely to improving emergency preparedness, as well as the management and flow of information among the various partners (federal and provincial government, and stakeholders) working to contain the AI outbreak.

The CFIA has since developed an action plan to deal with these gaps, and with other areas in its emergency response procedures. For example, CFIA staff began to review the Agency's broad approach to managing emergencies, with a view to incorporating the best practices of its partners into its own procedures. At the same time, work began on developing new protocols for activating national and local emergency response teams under the Foreign Animal Disease Eradication Support (FADES) plans, and for improving the flow of information among all partners. In February 2005, the Standing Committee on Agriculture and Agri-Food held hearings and prepared a report on the CFIA's management of the outbreak. The CFIA has subsequently updated its action plan to take into consideration the committee's findings.⁵⁷

The CFIA has developed an action plan to address recommendations to improve emergency responses to future BSE cases. It has also continued to test its overall readiness through exercises, and has adapted its emergency response plans accordingly — as demonstrated in the Equinox and Triple Play exercises.

In support of this priority, the Agency carried out the following activities in 2004–05:

- In September 2004, the Agency held its second emergency preparedness workshop. The workshop provided an opportunity for senior managers to establish their priorities, and to agree on a strategic direction that will ultimately strengthen the CFIA's readiness to respond to emergencies.
- The Agency equipped its Emergency Operations Centres with new, advanced technology (at a cost of \$200,000, using PSAT funding). This technology will enable the CFIA to communicate more effectively with its partners, and will provide them — and the Agency — with up-to-the-minute information for dealing with large-scale emergencies.
- In July 2004, the Information Gathering Analysis Team (IGAT) was established to add to the Agency's intelligence-gathering capabilities. IGAT's work involves anticipating emerging issues, both national and international, through collecting and analyzing information from various sources on biotechnology, agro-terrorism, and on threats to food safety, and animal and plant health.
- The CFIA began to develop a business-continuity plan, as required by the Government Security Policy. The plan will establish a framework for ensuring that all branches and all regional, area and district offices have effective plans in place to allow them to continue providing critical Agency services during crisis situations. Specifically, it is essential to have a plan for enabling the Agency to carry out its day-to-day business while concentrating extra resources on managing emergencies. The CFIA expects to have a draft policy on business continuity in 2005–06.

⁵⁶ For further information, see www.inspection.gc.ca/english/anima/heasan/disemala/avflu/2004sum/revexae.shtml.

⁵⁷ For further information, see www.inspection.gc.ca/english/anima/heasan/disemala/avflu/2004sum/revexae.shtml.



2.3.4b Strengthening the Agency's capacity to respond to emergencies

This priority, and the activities associated with it, are in some respects, similar to those discussed in the preceding paragraphs. However, this priority is covered in a separate section because the CFIA received funding from Treasury Board specifically for Public Security and Anti-Terrorism (PSAT) activities; and from the Department of National Defence for the Chemical, Biological, Radiological and Nuclear Research and Technology Initiative (CRTI) to strengthen its capacity to deal with deliberate threats.

The Agency continues to develop its capacity under the PSAT and CRTI initiatives; and, through exercises, to test its capacity to respond to emergencies.

The Public Security and Anti-Terrorist (PSAT) Initiative

In the 2001 Federal Budget, the government allocated funds (to be spent over a five-year period, ending 2006–07) on PSAT activities to enhance security for Canadians. As part of this government-wide exercise, the CFIA has been allocated approximately \$30 million per year in ongoing funds since 2002–03 to implement a number of initiatives. These are associated with strengthening border controls, enhancing laboratory capacity and bio-security, and enhancing surveillance and early detection activities.

More information on public security can be found on the Public Safety and Emergency Preparedness Canada Web site.⁵⁸

Border controls

After the CFIA received funding to strengthen border controls, certain responsibilities and resources were transferred to the newly created Canada Border Services Agency (CBSA). In January 2005, the CFIA and CBSA signed a Memorandum of Understanding (MOU)

completing this transfer. Under the MOU, the two Agencies will cooperate on border controls and inspections: CBSA will conduct initial inspections of imported products, and the CFIA will provide its expertise in inspection work as required. The Agency will continue to inspect live animals, and to handle all requests to import them.

Strengthening laboratory capacity

In 2004–05, the CFIA continued to expand the capacity of its laboratories to deal with deliberate threats to the food supply, and to plant and animal resources. Improvements include better tests and procedures for detecting pathogens in food, and for detecting and diagnosing zoonotic and foreign animal diseases. Four more projects were initiated to increase testing capability for viruses, parasites and bacteria in food. Taken together, these initiatives are designed to improve the CFIA's ability to identify disease agents or substances associated with a bio-terrorist event.

Under PSAT, the CFIA provided training and developed standards for containing disease agents in laboratories. A Threat and Risk Assessment Toolkit was developed to facilitate the completion of security assessments for laboratories. Although these facilities are already "secure" these initiatives are another step toward reducing even further the possibility of an accident or a security breach in a laboratory.

Enhancing surveillance and early detection activities

The PSAT funding for surveillance and early-detection activities supplements the Agency's regular funding for monitoring food, animal and plant commodities. For example, in 2004–05, the CFIA continued to work with its provincial counterparts in the area of foodborne illnesses. Its evaluations of responses to such illnesses help the Agency streamline and fine-tune its response protocols and plans.

⁵⁸ For further information, see www.psepc-sppcc.gc.ca.



The Chemical, Biological, Radiological and Nuclear Research and Technology Initiative

The Chemical, Biological, Radiological and Nuclear Research and Technology Initiative (CRTI) is a national initiative administered by the Department of National Defence. A key element was to create clusters of federal and other government laboratories that can help in responding to a potential terrorist attack.

Further information on this initiative can be found on the CRTI Web site.⁵⁹

In 2004–05, the Agency increased its capacity to respond to emergencies through CRTI funding:

- The CFIA completed a project entitled “Penside and rapid diagnostic tests for foot-and-mouth disease, hog cholera and avian influenza.” This project examined some of the diagnostic kits available commercially in other countries for rapidly diagnosing these diseases. Data are being accumulated that could lead to authorizing these kits for sale in Canada. They may prove to be important tools for first responders, in the event of a bio-terrorist attack involving these highly infectious animal pathogens.
- The Agency purchased storage equipment for microbial culture collections. These collections help in rapidly identifying foodborne pathogens and toxins — which is particularly relevant in a food safety recall, and when responding to an emergency or an act of bio-terrorism.
- Rapid-test equipment was installed for identifying agents in food, such as anthrax and plague. This technology will aid the CFIA in its role as a first responder in a potential bio-terrorism threat.

- Work continued on a shared project with the Public Health Agency of Canada and with the Department of National Defence to develop, validate and produce tests for identifying bacterial and viral biological agents that could affect animals and humans. To date, the CFIA has developed new reagents to detect Foot and Mouth Disease, and has defined validation criteria to ensure the quality of new testing methods.
- The CFIA also participated in an emergency response exercise to test critical elements relating both to collecting forensic samples to be used as evidence of criminal or terrorist activity, and to presenting unbiased interpretation of scientific evidence in court.

2.3.5 Strategic Outcome: Providing sound agency management

The Government of Canada has assigned a high priority to good governance and management within federal institutions, departments and agencies. Included in the corporate priorities of the Public Service of Canada⁶⁰ for 2004–05 are Modern Comptrollership, human resource management, learning, official languages and diversity.

In June 2003, the Management Accountability Framework (MAF) was introduced by the Treasury Board Secretariat. The MAF sets expectations for and performance indicators of good management practices. Its implementation is a priority for the Government of Canada. More information on the MAF may be found online.⁶¹

The CFIA is committed to meeting the expectations of the MAF and has re-aligned its plans and priorities related to “Sound Agency Management” accordingly. In the future, using these indicators, the Agency will endeavour to report on its success in implementing its MAF.

⁵⁹ For further information, see www.crti.drdc-rddc.gc.ca.

⁶⁰ For further information, see www.pco-bcp.gc.ca.

⁶¹ For further information, see www.tbs-sct.gc.ca/maf-crg/index_e.asp.

The Strategic Outcome for this segment of CFIA programming is: “sound agency management.” The Agency has designated four priorities relating to this Strategic Outcome:

- Risk management, planning and accountability
- Human resource management
- Quality of service delivery
- Stewardship

2.3.5a Risk management, planning and accountability

The three key planned results associated with this priority are:

- Integrated risk management strategy
- Increased performance management information
- Strengthened IM/IT capacity to support business priorities

The CFIA's key activities related to achieving this outcome are discussed below.

Integrated risk management

Central to the government's commitment to modernizing management practices is promoting a corporate and systematic approach to managing risk. The CFIA is committed to fully implementing the Integrated Risk Management Framework.

In late 2004, CFIA completed an in-depth analysis of its risks and challenges, which confirmed and validated much of what was known before. The ten key strategic risks (see Section 1 for details), along with planned steps for mitigating those risks, were presented for the first time in the Agency's 2004–05 RPP. They will appear again in the 2005–06 RPP.

Mitigating key strategic risks is a major consideration in the Agency's decision making. Numerous processes, including priority setting, Agency and Branch planning, long-term capital planning and regulatory development, reflect the need to mitigate risk to the extent possible. Some of these processes will be discussed later.

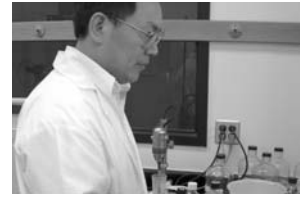
Increased performance management information

Linking strategic planning to reporting on results is critical to sound agency management.

In the last two years, the CFIA has devoted much effort to strengthening its ability to measure and report on performance. In 2004–05, of particular importance was the implementation of the Management Resources and Results Structure (MRRS). This initiative will better link resources to results and will allow for more transparency and consistency with respect to decisions on how resources are used, and on the results they produce.

The CFIA also continued to implement its performance management framework, including realigning it with the MRRS. A tool for Information Management/Information Technology (IM/IT) has been developed to extract performance information that is already present in current information systems. This tool allows all area offices to input additional information on a variety of subjects: the level of inspection activity versus plans, actual compliance rates compared to targets, the extent of non-compliance and the related enforcement actions, etc. This information is now available for some of the core activities and programs.

The development and refinement of performance indicators will continue in 2005–06, and the Agency expects that comprehensive quarterly performance reports will be available to senior managers for most of its regulatory programs and other core activities by March 2006. Continued progress in this area should translate to better performance information in future reports to Parliament.



Strengthened IM/IT capacity to support business priorities

In 2004–05, the CFIA continued to develop and improve its national information systems and supporting infrastructure. IM/IT priorities were reviewed through the Agency's governance processes. The review projects were identified to improve the data collection and reporting capabilities of inspection, laboratory, import/export and emergency management systems, and to upgrade the operating systems and software of all Agency desktops and server computers.

In April 2004, the work plan for IM/IT started with 27 projects. Various branches identified new priorities, and four were added to the 2004–05 work plan. During 2004–05, nine projects were closed out; lessons-learned reports were created; and improvements were applied to new projects accordingly.

These modern systems and office tools will benefit the Agency's staff by providing more functionality and support for a new software and hardware accessories. They will also lead to better communication with other stakeholders at government and industry levels.

2.3.5b Responsive human resources management

This section discusses the key human resources (HR) activities for the reporting year. The four result areas associated with this priority are:

- A sustainable workforce
- An enabling work environment
- A productive workforce
- Effective leadership

The CFIA's key activities related to achieving this result are discussed below.

A sustainable workforce

Creating a sustainable workforce is an exercise in balancing hiring with normal attrition resulting from retirements, resignations, and so on. Such a workforce allows the Agency to maintain the flexibility to respond to crises and changes in its priorities.

One of the prime indicators of a sustainable workforce is the early identification of HR needs, in terms of the number of employees and their competencies. This year the Agency began to move toward integrating human resources and business planning to ensure that the organization has the right people in the right place at the right time to deliver effectively on its mandate.

The CFIA's primary business is that of a science-based regulator. Therefore, the Agency depends on maintaining a large contingent of highly trained specialists to carry out its work over the longer term. For 2004–05, CFIA carried out recruiting and outreach activities specifically designed to attract recent science graduates. These efforts were planned to meet the projected need for new staff, given the aging workforce and the number of expected retirements.

In March 2005, a collective agreement was reached between the Public Service Alliance of Canada (PSAC) and the Agency, which will ensure that Agency employees are compensated in a competitive manner.

The Agency had 5900 employees as of March 31, 2005, representing a workforce growth of 1.8% over the previous year. The scientific, professional and technical community grew by 3.4%, outpacing overall growth.

An enabling work environment

In an enabling work environment, employees have adequate tools, training and support to do their jobs effectively. More specifically, such an environment is one that, among other things, offers adequate and timely training; promotes diversity; and ensures that processes and practices are in place to resolve issues.

Training is an important part of the Agency’s efforts to provide an enabling work environment. In 2004–05, the Agency invested \$6.5 million in training and development, a slight increase over the previous year.

It is important to be able to measure the relevance of this training. Current performance measures have focussed largely on training days and expenditures, but not on the results of training in terms of on-the-job performance. Accordingly, in 2004–05, the CFIA began an initiative to develop the capacity to measure the return on its investment in training and how it will contribute to enabling the Agency to fulfil its mandate. One element in this exercise will involve contacting staff and their managers, six to eight months after training has taken place, to determine how the training has affected on-the-job performance. This initiative will be implemented over two to three years. It will yield valuable information on the effectiveness of the CFIA’s training activities, including how to revise them as necessary.

The Agency has made progress toward achieving a representative workforce — one that reflects the makeup of Canada’s population as a whole, in terms of identifiable groups. This is shown in Table 2.29, below.

The Agency has increased its representation over last year in each of those four groups (i.e., women, visible minorities, persons with disabilities and Aboriginal people). However, the representation of visible minorities remains a challenge. The CFIA developed an Employment Equity Plan in 2003–04 to narrow the gaps in representation and to foster an environment that promotes and welcomes diversity. Results will be measured over time to assess progress toward this goal. In 2004–05, the Agency became compliant with the 12 statutory requirements of the *Employment Equity Act*.⁶²

With respect to Official Languages, the Agency continued to maintain a balance that closely reflects the linguistic profile of Canadians.

Fostering a productive workforce

Two key characteristics of a productive workforce are low staff turnover (that is, high retention rates) and “organizational wellness” — a healthy workforce.

In 2004–05, the Agency continued to measure its retention rate, which has remained fairly constant over the past five years. The statistics for this year showed that 83% of employees in 2002 have remained with the organization. A low turnover rate has an impact on the

Table 2.29: Employment Equity Representation as Percentage of CFIA Population

Designated Group	Percentage of CFIA Workforce March 31, 2004	Percentage of CFIA Workforce March 31, 2005
Women	46	47.6
Aboriginal peoples	1.8	2.4
Persons with disabilities	3.5	5.2
Visible minorities	7.4	9.7

Source: PeopleSoft.

⁶² <http://laws.justice.gc.ca/en/E-5.401/48801.html>

productivity of the Agency's workforce, and reduces the need to provide training to new employees.

In 2004–05, the Agency took steps to follow up on the results of an employee survey that had been carried out in 2003, and which covered many organizational-wellness issues. This survey paralleled an earlier 2002 government-wide survey and allowed CFIA to compare its employees' responses with those of public servants across Canada.

The results of the survey were mixed. Responses of employees were positive in several respects, such as employee commitment to the success of the Agency and the fair treatment of employees within working units, regardless of race, colour, gender or disability. However, in a few areas they were slightly less positive than in the 2002 government-wide survey. Areas of concern included satisfaction with training and career development, communication with supervisors and senior management, and harassment and discrimination.

In the fall of 2004, each branch developed an action plan to deal with the key issues that emerged from the survey. In 2006–07, the CFIA will re-survey its employees to assess the effectiveness of these plans.

The Agency continued to highlight employee achievements in 2004–05. At a national awards ceremony, the President recognized 60 employees for their exceptional contributions to the organization.

The Agency redesigned its HR Web site to allow employees and managers easy access to new and improved information and tools. These are expected to allow them to work more efficiently.

Effective leadership

For 2004–05, the Agency focussed on the three key HR activities that contribute to effective leadership: succession planning, training, and accountability.

Succession planning is a key management activity that relates directly to ensuring a sustainable workforce (see above). Some 34.8% of CFIA executives and 17.4% of its scientific professional and technical staff will be eligible to retire over the next five years. In 2004–05, building on the results of a 2003 survey to identify the gaps in CFIA's succession planning, branches produced succession plans for critical positions. These plans are expected to guide the Agency in recruiting, hiring and training the managers and staff that will be needed, before the end of the decade, to replace those lost to retirement and normal turnover.

Appropriate training is essential to ensuring that senior managers and supervisory staff have the competencies they need to manage their programs and staff effectively. This year, the Agency designed training for new incoming managers on their obligations in key areas such as finance and HR management. Providing training to the CFIA's management cadre has implications for the entire organization in terms of fostering a more motivated, productive workforce.

In support of this priority, the CFIA completed its Values and Ethics code in 2004–05, and launched it in May 2005. The code is intended to guide all Agency employees in their day-to-day decision making and in their actions with others — both inside and outside the Agency.



The Agency continued quarterly reporting to identify organization-wide HR issues and to flag problem areas for management attention. In 2004–05, the Agency also initiated quarterly reports on key HR training performance indicators. These provide managers with important information on their training investment.

The Agency continued to ensure that executives remain accountable for their performance through accountability agreements. In addition to documenting operational commitments, these agreements document commitments in managing human resources.⁶³

2.3.5c Quality of service delivery

The three key planned results associated with this priority are:

- Enhanced effectiveness, efficiency and consistency in delivery of services
- Integrated coordinated approach to consulting with stakeholders
- Enhanced quality assurance, knowledge, practices and capabilities

The CFIA's key activities related to achieving these results are discussed below. As these three are interrelated, the discussion addresses them as one.

In September 2003, the CFIA completed a comprehensive review of the Agency's consistency in the delivery of its services across the country. This review identified a number of opportunities for improvement. A multi-year approach to improving the consistency of service delivery was developed, based on the results of the review. The approach includes modernizing legislation, regulations and policies, as required; updating procedure manuals; clarifying roles and responsibilities internally, and with external parties; updating and increasing training; and rationalizing and better coordinating internal and external mechanisms for review, audit and evaluation.

The Agency also took steps to implement a quality management system that would apply to three broad areas of activity: inspection, cost recovery and investigation. Each will be subject to quality assurance (QA) verification, based on criteria such as consistency of delivery. As the activities for each commodity program are different (e.g., inspection requirements for beef slaughter plants differ from those for fertilizer plants), QA is tailored to each program. The Agency created a Quality Management Guidance team with representatives from all programs and area offices to manage this process.

At the end of 2004–05, progress had been achieved in the following areas: meat slaughter and inspection activity; verification for fish, livestock feed, processed products, and plant protection; and policy distribution and understanding.

In relation to the inspection activity verifications, the purpose was to assess consistency and overall quality, implement process management, and develop a core group of staff with expertise in applying modern process-management techniques. As of March 2005, the Agency had completed verification activities for fish-inspection facility compliance audits, as well as verification activities for processed products facility inspection. These verification activities identified various consistency issues and recommended actions for improvements. Operational and program representatives reviewed and accepted those recommendations during a workshop in March 2005.

With respect to policy distribution and understanding, three areas for improvements were identified. First, access to program policies could be improved by locating all approved policies in one place. The Agency aims to complete this step by March 2006. Second, new, updated or amended policies have historically been distributed through the organizational structure and subsequently discussed with end users. A new process was initiated to make new or updated policies available twice yearly, through pre-established points of contact, along with

⁶³ For further information, see www.inspection.gc.ca/english/hrrh/strat2003-08/strate.shtml.



active sessions to discuss and interpret the changes. Third, requests for clarification of policies will be handled through a formal process that will be similar for all programs.

Finally, as part of its performance-measurement practices, in the future, the Agency will collect information on approved performance indicators. This information should demonstrate the extent to which efforts to improve the delivery of services have contributed to more effective, efficient and consistent delivery of services, an integrated coordinated approach to consulting with stakeholders, and stronger quality assurance.

2.3.5d Stewardship

The two key planned results associated with this priority are:

- Improved financial accountability
- Integrated capital asset planning and information systems

The CFIA's key activities related to achieving these results are discussed below.

Improved financial accountability

In 2004–05, significant efforts were devoted, at the strategic level, to aligning the existing financial coding with the new Treasury Board MRRS initiative. This initiative will improve the financial accountability of the Agency because, starting in 2005–06, the CFIA will be able to report on its planned and actual use of resources for each key program activity.

To improve management information and enhanced corporate stewardship, the CFIA also continued to both promote the use of the web-based Manager's Financial Toolkit (which was developed and implemented across the Agency in 2003–04), and to train managers to use it. This Toolkit provides managers with key budget, forecasting and accrual reports to help in decision

making. The Agency's orientation course for new managers includes a module on the Toolkit, so that they will understand its purpose and how it works.

The Treasury Board Active Monitoring Policy states that departments are responsible for ensuring that their programs and activities are well managed, and that suitable management practices and controls are in place and effective. To this end, each department must actively monitor its management practices and controls, and take early and effective remedial action in areas where significant deficiencies are encountered or improvements are needed.

Consistent with this policy, the Agency reviews and monitors financial activities in several key areas such as salary, travel, hospitality, and financial delegation of authorities. These reviews examine both the effectiveness of financial controls over business processes, and the implementation of Treasury Board policies within the CFIA. As part of the review, the CFIA identified the need to improve forecasting and variance analysis of pay and non-pay expenditures.

In addition, the Internal Audit Directorate carried out a series of audits to provide assurance that the controls in place to ensure compliance with policies and procedures were adequate and effective, and that an appropriate level of compliance existed. The three areas covered by the audits were:

- Salary management
- Procurement and contracting practices
- Safeguarding moveable assets.

The audits concluded that the Agency has effective management controls in place for all areas. Nonetheless, the audits noted that some controls and management practices could be strengthened. In all cases, management approved action plans to deal with the audit recommendations.⁶⁴

⁶⁴ For further information, see www.inspection.gc.ca/english/toc/agene.shtml.

Integrated capital asset planning and information systems

In 2003–04, the CFIA began to establish integrated asset management planning, which has advanced considerably through the development of the Agency’s Long-Term Capital Plan (LTCP) for 2005–06 through 2009–10. The LTCP has since been completed, and submitted to and approved by the Treasury Board. Efforts have focussed on consolidating movable and fixed assets categories (e.g., real property, fleet, IM/IT, and scientific equipment), and on defining their specific linkages to corporate priorities. The LTCP also includes a comprehensive assessment of, and a prioritization plan for, the Agency’s capital expenditures.

As part of the LTCP, the Agency is verifying its asset holdings, using a SAP Asset Module Interface. It has been working to integrate information systems to generate reports on its assets.

In 2004–05, work continued on developing the IM/IT component of the Agency’s first Long-Term Capital Plan. Software systems are being explored to manage assets throughout their lifecycle, and to electronically verify informatics assets. Furthermore, the Agency is in the process of drafting an Asset Management and Disposal policy, and procedures for IT assets.

Central to an improved governance regime for capital assets and investments has been the development of a Real Property Management Framework (RPMF). The RPMF was launched in 2003–04 and is forecast to be completed in 2006–07. In 2004–05, a business diagnostic was performed to identify Real Property gaps and strategic outcomes, and to document and map initiatives (Phase I) while a work plan for implementing RPMF was developed (Phase II). Fundamental to the RPMF is the development of an information system. In 2003–04, the development of National Realty Information System began. However, the system has since been on hold pending studies for requirements. The CFIA continues to work on identifying information system requirements for real property.

Part 3: Supplementary Information

3.1 Regulatory and Horizontal Initiatives

Horizontal Initiatives

As per TBS guidelines, a horizontal initiative, for the purposes of this table, is an initiative in which partners from two or more organizations have received program funding and have formally agreed (through Memoranda to Cabinet, Treasury Board Submissions and federal/provincial agreements) to work together to achieve shared outcomes. The following outlines the CFIA's horizontal initiatives for 2004–05.

Initiative	Profile	Partners
Public Security and Anti-terrorism (PSAT)	<p>In the 2001 Budget, the government allocated \$7.7 billion in new funds to be spent over the next five years on the PSAT initiative to enhance security for Canadians. The CFIA receives approximately \$30 million dollars a year and contributes the following for the initiative:</p> <ul style="list-style-type: none"> • Delivers all federal food inspection, animal health, and plant protection measures; and, • Responds to biological outbreaks of pests and diseases in plants and animals. <p>More information on this initiative can be found in Section 2.3.4b of this report.</p>	<ul style="list-style-type: none"> • Provinces and Territories • Canada Border Inspection Agency
Chemical, Biological, Radiological and Nuclear (CBRN) Research and Technology Initiative (CRTI)	<p>The events of September 11, 2001 moved the issues of counter terrorism and national security to the forefront of the nation's concerns. CRTI represents the federal science community's response and commitment to providing scientific solutions to these issues. Through the creation of laboratory networks across the federal government that collaborate with industry, academia and first responder communities, the CFIA will provide new knowledge, technology and research necessary for CBRN response and preparedness.</p>	<ul style="list-style-type: none"> • Agricultural and Agri-food Canada • Canada Border Services Agency • Canadian Security and Intelligence Service • Department of National Defence (Intelligence) • DRDC Suffield • DRDC Ottawa • Environment Canada • Health Canada

Horizontal Initiatives (cont'd)

Initiative	Profile	Partners
	<p>In 2004–05, the CFIA focussed on areas such as rapid testing and identification of potential terrorist agents, and capacity for storage and preservation of bio-terrorism agents.</p> <p>More information on this initiative can be found in Section 2.3.4b of this report.</p>	<ul style="list-style-type: none"> • Natural Resources Canada • Royal Canadian Mounted Police • Transport Canada • Public Safety and Emergency Preparedness Canada
<p>Canadian Regulatory System for Biotechnology (CRSB)</p>	<p>CRSB aims to develop an efficient, credible and well-respected regulatory system that safeguards the health of all Canadians and the environment and permits safe and effective products. The CFIA conducted a horizontal formative evaluation of the CRSB on behalf of the six participating departments. An evaluation to examine whether or not expected results are being achieved was conducted in 2004–05; however, the report will be concluded in 2005–06.</p> <p>More information on this initiative can be found in Section 2.3.3c of this report.</p>	<ul style="list-style-type: none"> • Health Canada • Environment Canada • Industry Canada • Fisheries and Oceans Canada • Natural Resources Canada

Major Regulatory Initiatives

The CFIA enforces 39 sets of regulations related to 13 acts that form the Agency's legislative mandate. There were numerous amendments being developed during 2004–05. Of those, three are considered major regulatory initiatives. When significant regulatory initiatives are proposed, a major cost-benefit analysis is completed. The proposed major regulatory initiatives are listed below.

Enhanced Feed Ban
(*Health of Animals Regulations*
and *Feeds Regulations*)

Modifications to the existing feed ban regulations — such as removal of exemptions and permitted practices of the current ban — were considered in 2004–05 to prevent the potential spread of bovine spongiform encephalopathy (BSE) to humans and other animals. In December 2004, the CFIA posted the proposed regulatory amendments in *Canada Gazette*, Part I. Consultations are continuing with all stakeholders on this regulatory initiative.

Medicated Feeds Regulations
(*Health of Animals Act*)

New regulations are being developed under the *Health of Animals Act* that will regulate how feeds are manufactured and will implement manufacturing controls to ensure that finished products meet regulatory standards. Consultations with key stakeholders were held between March and May, 2004. The proposed regulatory is expected to be published in *Canada Gazette*, Part I in 2005.

Mandatory Food Safety
Enhancement Program (FSEP)
(*Meat Inspection Act*)

This regulatory amendment will enable the CFIA to provide more effective and uniform means to verify compliance in the meat sector. The FSEP regulations will come into force in December, 2005.

3.2 Assessment of Performance Information

3.2.1 Management Representation Statement

The Canadian Food Inspection Agency's (CFIA) *Performance Report* for the year ending March 31, 2005, was prepared under the direction of the President of the CFIA and approved by the Minister of Agriculture and Agri-Food Canada. In accordance with the *Canadian Food Inspection Agency Act*, this report also includes an assessment of the fairness and reliability of the performance information prepared by the Auditor General of Canada.

This *Performance Report* provides a comprehensive, transparent and balanced picture of the Agency's performance for fiscal year 2004–05. The full range of the Agency's key results, activities and achievements are addressed. In addition, this report provides an overview of the ongoing risks and challenges faced by the CFIA, as well as the Agency's role in supporting key Government of Canada priorities. As noted in this report, the CFIA continued to face challenges with two new cases of bovine spongiform encephalopathy discovered early in the year and in controlling the spread of the Emerald Ash Borer.

CFIA management is responsible for the accuracy and completeness of the information presented in this *Performance Report*. To fulfil this responsibility, the CFIA maintains financial and management control systems and practices that provide reasonable assurance

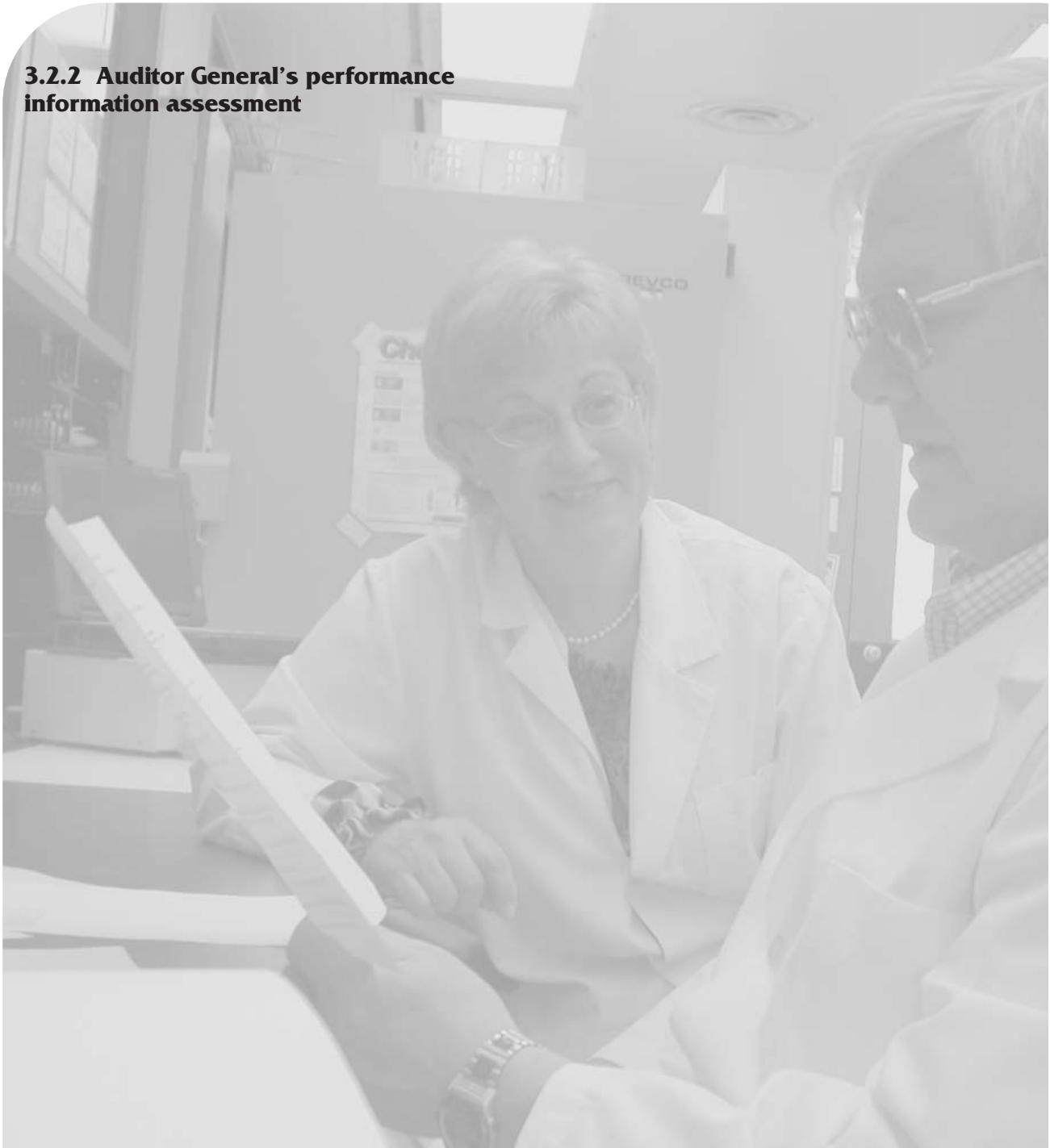
that the information presented is accurate and complete. Unless otherwise indicated, the data provided in this *Performance Report* was obtained from the CFIA's manual or computerized information management systems. The Agency conducted a quality assurance process which confirmed that the information contained in this report agrees with supporting documentation derived from these systems. While many of these systems have not been subject to a recent audit, the performance information included in this report is the best information currently available and CFIA management considers it to be adequate for our purposes. Some of the performance information analysis provided in this report is based on management's best estimates and judgments. The Agency will continue to improve its method of collecting performance information and in assessing the reliability of this information.

The CFIA remains committed to ensuring that management has the information it needs to support planning, decision making and reporting. We anticipate that through our sustained efforts, and using the feedback contained in the assessment prepared by the Office of the Auditor General, the Agency's performance reporting will continue to improve.



Tom Beaver
Executive Director,
Corporate Planning, Reporting and Accountability

3.2.2 Auditor General's performance information assessment





**AUDITOR GENERAL'S ASSESSMENT
of Performance Information in the 2004–05 Performance Report**

*To the President of the Canadian Food Inspection Agency and
the Minister of Agriculture and Agri-Food*

Purpose and scope

The *Canadian Food Inspection Agency Act* requires that the Auditor General annually assess the fairness and reliability of the performance information in the Agency's annual report, with respect to the annual and overall objectives established in its corporate business plan and its report on plans and priorities. As of 2004–05 the annual report is combined with the Agency's performance report.

My assessment is of the performance information contained in the 2004–05 Performance Report. However, I do not assess information referenced by Web site links and I do not assess or comment on the Agency's actual performance.

The corporate business plan and the performance information in the performance report are the responsibility of the Agency's management. My responsibility is to provide an assessment report on the fairness and reliability of the performance information in the Agency's 2004–05 Performance Report. To do so, I assessed the performance information against the criteria for fairness and reliability that were discussed with the Agency and are described in Annex 2. My assessment was conducted to a review level of assurance and was made in accordance with Canadian generally accepted standards for review engagements. Accordingly, it consisted primarily of enquiry, analytical procedures and discussion related to the performance information supplied to me by the Agency. An assessment to a review level of assurance does not constitute an audit and I do not express an audit opinion on the performance information.

Conclusion

My Office has annually assessed the Agency's annual performance reports since 1998. In each of our annual assessments, we have called attention to weaknesses; the most critical being the absence of reporting against performance expectations. This is a serious weakness because without knowing what the Agency expects to accomplish, it is difficult to determine whether reported performance is good or bad. Reporting performance against clear and concrete targets provides the foundation to address other weaknesses. (See Annex 1 for more details.)

The 2004–05 Performance Report provides useful information to Canadians about what the Agency has done. However, without reporting against performance expectations, it cannot be referred to as a fair and reliable report on the Agency's performance. In my assessment, fair and reliable reporting is defined as reporting in a manner that allows readers to rely on the performance information and to judge how well the Agency did against what it said it would do.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
August 26, 2005

ANNEX 1

Reporting Against Clear and Concrete Performance Expectations

Performance information is meant to provide readers with a clear understanding of how well actual performance compared to planned performance. In most cases, the Agency's performance information does not report against targets and timeframes, which makes it difficult to show how successful the year was. For example, the Agency sets the rates of industry's adoption of the hazard analysis and critical control process as an indicator of its performance. In its performance report, actual rates of adoption are reported without reference to any set targets. Therefore, it is difficult to understand if an actual rate (for example, 56 percent for meat establishments) is good or bad because there is no comparison to a concrete expectation (for example, 50 or 100 percent).

In its report on plans and priorities the Agency sets out what it intends to achieve over the next year. While the Agency has identified many performance indicators, against which it will report in its annual performance report, it has not clearly set targets for those indicators. In my assessment report last year, I noted that the Agency was focussing its efforts to develop stronger internal processes, including developing a performance management framework.

During my assessment this year, I noted that the Agency continued to progress on several aspects of its performance management framework, including the development and refinement of indicators, the identification of data collection methods, and quarterly performance reporting. Each of these aspects is critical to the continued implementation of the performance management framework. However, I did not observe significant advancement in the development of targets for the various performance indicators. In my view, the Agency's main priority should be developing targets to lay the foundation for solid management reporting. A selection of these performance indicators and related targets could be included in the Agency's performance report to demonstrate whether the Agency did what it said it would do.

In telling a fair and reliable performance story that explains how actual performance compared to planned performance, the performance information should also include the following:

- Sufficient explanation and analysis of the information to allow the reader to understand the meaning and significance of the performance information.
- Accurate information with the basis for reliability appropriately disclosed. Any limitations or data quality issues should also be described.
- Clear analysis of the risks and challenges to achieving the target rates of performance and strategies for dealing with performance that was not satisfactory.

The Agency has included a response to my assessment in its performance report. The response outlines the Agency's intended actions to address the weaknesses in its performance information. I am encouraged by the commitment to immediately implement several initiatives to continue to improve the performance management framework. I expect the Agency to deliver on this commitment and to significantly improve its performance report for 2005-06.

ANNEX 2
Criteria for the Assessment of Fairness and Reliability
Office of the Auditor General

The following criteria were developed to assess the fairness and reliability of the information about the Agency's performance with respect to the objectives in its corporate business plan. Two key issues were addressed: Has the Agency reported on its performance with respect to its objectives? Is that information fair and reliable? Performance information with respect to objectives is fair and reliable if it enables Parliament and the public to judge how well the entity or program in question is performing against the objectives it set out to accomplish.

- RELEVANT** The performance information reports in context, tangible, and important accomplishments against objectives and costs.
- MEANINGFUL** The performance information tells a clear performance story, describing expectations and benchmarks against which performance is compared.
- ATTRIBUTABLE** The performance information demonstrates, in a reasonable fashion, why the program made a difference.
- ACCURATE** The performance information adequately reflects the facts, to an appropriate level of accuracy.
- BALANCED** A representative yet clear picture of the full range of performance is presented, which does not mislead the reader.

More information on the criteria is available on our Web site at www.oag-bvg.gc.ca.

3.2.3 CFIA Response to the Auditor General's assessment

The Canadian Food Inspection Agency's (CFIA) *Performance Report* provides a comprehensive picture of the activities and results achieved by the CFIA. The report contains performance information on the five Agency strategic outcomes and high level expectations for each. This information is presented in accordance with Treasury Board's guidelines for good performance reporting, including the need for accurate, balanced and transparent information.

The CFIA is confident that this report contains fair and reliable information. However, the Agency acknowledges the Auditor General's opinion that more and clearer targets would improve its performance story.

The CFIA will continue to dedicate significant effort to fully implement its Performance Management Framework in the coming months. This framework will more clearly set out measurable expectations and targets for CFIA's performance, and for the sectors it regulates.

The CFIA will set expectations and targets for the remaining months of 2005–06 and report on performance against these targets in its 2005–06 *Performance Report*. In addition, in its 2006–07 *Report on Plans and Priorities*, which will be tabled in Parliament in April 2006, the CFIA will continue to clarify expectations for its key strategic objectives in measurable terms, and to set clear targets for its key activities and programs, as well as for relevant regulated sectors.

In these undertakings, the CFIA will provide periodic progress reports to the Office of the Auditor General.

We trust that these efforts will contribute to further enhance the *Performance Report* and will address the concerns of the Auditor General on reporting against performance expectations.

3.3 Financial Performance

Financial Overview

The following narrative and tables are presented to provide an overview of the CFIA's 2004–05 approved resources, utilization of resources and comparative information with prior years.

CFIA's spending increased by approximately \$92.3 million or 20 percent from the previous fiscal year (from \$468.1 million in 2003–04 to \$560.4 million in 2004–05). This increase is primarily due to incremental funding for the following items: \$63.7 million in statutory funding for compensation payments for the Avian Influenza outbreak; \$23.6 million for Canada's continued response to Bovine Spongiform Encephalopathy (BSE); \$5.4 million

for the Plum Pox Virus Eradication initiative; \$3.5 million in statutory authorities; and \$2.7 million for various smaller initiatives and collective bargaining. This was offset by the transfer of \$8.7 million in resources to the Canada Border Services Agency (CBSA).

Overall in 2004–05, the CFIA had unexpended resources totaling \$31.8 million. The operating lapse of \$21.7 million related primarily to unexpended funding for the following initiatives: \$7.4 million related to the Agricultural Policy Framework; \$5.8 million related to BSE; \$2.7 million of Public Security and Anti-Terrorism funding; \$1.6 million of Canadian Biotechnology Strategy funding; and \$1.1 million related to the Plum Pox Virus funding. The Agency also had \$10.1 million of unexpended resources in major capital funding.

3.3.1 Reporting on Parliamentary Appropriations

Table 1: Comparison of Planned to Actual Spending (including FTEs) (\$ millions)

	2002-03 Actual	2003-04 Actual	2004-05			
			Main Estimates	Planned Spending	Total Authorities	Actual
Food Safety	366.5	347.2	318.2	318.6	364.0	367.9
Animal Health	65.4	66.4	93.9	131.5	168.9	139.4
Plant Protection	44.3	54.5	64.8	71.0	62.9	53.1
Total¹	476.2	468.1	476.9³	521.1	595.8^{3, 4}	560.4⁴
Total	476.2	468.1	476.9	521.1	595.8	560.4
Less: Non-respendable revenue	1.0	0.4	0.0	0.5	0.0	0.0
Plus: Cost of services received without charge ²	41.7	43.3	0.0	43.6	0.0	44.8
Net Cost of Agency	516.9	511.0	476.9	564.2	595.8	605.2
Full Time Equivalents	5426	5516	5846	6124	5993	5518

¹ All figures are net of Respendable Revenues for the respective fiscal years (\$50.8M in 2002-03; \$59.6M in 2003-04 and \$55.0M in 2004-05).

² Services received without charge include accommodation provided by PWGSC, the employer's share of employees' insurance premiums, and expenditures paid by TBS (excluding revolving funds), Workers' Compensation coverage provided by Social Development Canada, and services received from the Department of Justice Canada (see Table 4).

³ Explanation of Variance: The major items accounting for the increase of \$118.9M between the 2004-2005 Main Estimates (\$476.9M) and the 2004-2005 Total Authorities (\$595.8M) are:

- Statutory Compensation (increase is primarily due to the unexpected outbreak of Avian Influenza \$67.8 M and Plum Pox Virus \$3.1M; total \$71.1M)
- 2003-2004 carry forward (\$34.2M)
- TB submissions approved in Supplementary Estimates and TBS Adjustments (\$23.6M for Bovine Spongiform Encephalopathy and \$5.4M for Plum Pox Virus; total \$29.0M).
- Reduction of resources to reflect transfer to the Canada Border Service Agency (-\$8.7M)
- Decrease in Employee Benefit Plans (TBS adjustment from 21% to 20%; total -\$10.0M)

⁴ The variance between Total Authorities and Actuals (\$35.4M) is attributable to lapsing funds in:

- Operational Activities (\$25.3M)
- Capital Projects (\$10.1M)

Table 2: Use of Resources by Business Line (\$ millions)

Business Lines	2004-05							Total
	Budgetary					Plus: Non-Budgetary		
	Operating	Capital	Grants and Contributions ¹	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures	Loans, investments and advances	
Food Safety								
Main Estimates	345.7	7.9	0.1	353.7	35.5	318.2	0.0	318.2
Planned Spending	346.1	7.9	0.1	354.1	35.5	318.6	0.0	318.6
Total Authorities	385.6	16.0	0.3	401.9	37.9	364.0	0.0	364.0
Actual Spending	388.0	17.5	0.3	405.8	37.9	367.9	0.0	367.9
Animal Health								
Main Estimates	94.8	4.7	1.4	100.9	7.0	93.9	0.0	93.9
Planned Spending	132.4	4.7	1.4	138.5	7.0	131.5	0.0	131.5
Total Authorities	99.3	8.6	68.8	176.7	7.8	168.9	0.0	168.9
Actual Spending	77.9	0.5	68.8	147.2	7.8	139.4	0.0	139.4
Plant Protection								
Main Estimates	70.2	1.9	0.2	72.3	7.5	64.8	0.0	64.8
Planned Spending	76.4	1.9	0.2	78.5	7.5	71.0	0.0	71.0
Total Authorities	64.2	3.7	4.3	72.2	9.3	62.9	0.0	62.9
Actual Spending	57.9	0.2	4.3	62.4	9.3	53.1	0.0	53.1
Total								
Main Estimates	510.7	14.5	1.7	526.9	50.0	476.9	0.0	476.9
Planned Spending	554.9	14.5	1.7	571.1	50.0	521.1	0.0	521.1
Total Authorities	549.1	28.3	73.4	650.8	55.0	595.8	0.0	595.8
Actual Spending	523.8	18.2	73.4	615.4	55.0	560.4	0.0	560.4

¹ Explanation of Variance: Of particular note, there is a difference of \$71.7 million between Planned Spending (\$1.7 M) and Actual Spending (\$73.4) for Total Grants and Contributions. This increase is predominately related to Statutory Compensation Payments made to owners of animals, pursuant to the *Health of Animals Act*, and owners of plants, pursuant to the *Plant Protection Act*, that were destroyed for the purpose of disease control. The majority of this increase was related to the unexpected outbreaks of Avian Influenza (\$67.8 M) and Plum Pox Virus (\$3.1 M).

Table 3: Voted and Statutory Items (\$ millions)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2004-05			
		Main Estimates	Planned Spending	Total Authorities	Actual
30	Operating expenditures and contributions	391.0	435.2	434.5	409.2
35	Capital expenditures	14.5	14.5	28.3 ²	18.2
(S)	Compensation Payments under the <i>Health of Animals Act</i> and <i>Plant Protection Act</i>	1.5	1.5	72.7	72.7
(S)	Contributions to employee benefit plans	69.9	69.9	59.9	59.9
(S)	Collection Agency Fees	0.0	0.0	0.4	0.4
Total¹		476.9	521.1	595.8	560.4

¹ All figures are net of Respendable Revenues (\$50.0M for Main Estimates and Planned Spending and \$55.0M. for Total Authorities and Actuals).

² Total Authorities include \$14.5M from the 2003-2004 Main Estimates and \$13.8M authorized in Supplementary Estimates relating to the 2003-2004 capital carryforward.

Table 4: Net Cost of Agency (\$ millions)

	2004-05
Total Actual Spending	560.4
<i>Plus: Services Received without Charge</i>	
Accommodation provided by Public Works and Government Services Canada (PWGSC)	16.8
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	26.8
Worker's compensation coverage provided by Social Development Canada ¹	0.0
Salary and associated expenditures of legal services provided by Justice Canada	1.2
<i>Less: Non-respendable revenue</i>	0.0
2004-05 Net Cost of Agency	605.2

¹ Amount is less than \$100,000 and is therefore not shown on this table.

Table 5: Contingent Liabilities⁶⁵

Contingent Liabilities	March 31, 2004	March 31, 2005
Claims, Pending and Threatened Litigation	\$258.0	\$370.0
Total	\$258.0	\$370.0

81

Table 6: Respendable and Non-Respendable Revenue by Business Line (\$ millions)

	Actual 2002-03	Actual 2003-04	2004-05			
			Main Estimates	Planned Revenue	Total Authorities	Actual
Respendable Revenue						
Food Safety	34.9	41.0	35.5	35.5	37.9	37.9
Animal Health	8.0	8.8	7.0	7.0	7.8	7.8
Plant Protection	7.9	9.8	7.5	7.5	9.3	9.3
Total Respendable Revenue	50.8	59.6	50.0	50.0	55.0	55.0

	Actual 2002-03	Actual 2003-04	2004-05			
			Main Estimates	Planned Revenue	Total Authorities	Actual
Non-Respendable Revenue						
Food Safety	1.0	0.4	0.0	0.5	0.0	0.0
Animal Health	0.0	0.0	0.0	0.0	0.0	0.0
Plant Protection	0.0	0.0	0.0	0.0	0.0	0.0
Total Respendable Revenue	1.0	0.4	0.0	0.5	0.0	0.0

⁶⁵ As per information contained in the 2004-05 Canadian Food Inspection Agency Public Accounts. (Please see page 10 item (b) — Notes to the Financial Statements, page 101 of this document).

Table 7: Details on Project Spending (\$ millions)

	Current Estimated Total Cost	2002-03 Actual	2003-04 Actual	2004-05			
				Main Estimates	Planned Spending	Total Authorities	Actual
Food Safety							
HQ Complex for the Agriculture Portfolio — ON	3.2	0.0	0.4	0.0	1.0	0.0	0.2
Laboratory Expansion and Mid Life Retrofit — Saskatoon, SK	7.4	0.0	0.1	0.0	0.1	0.0	0.0
Animal Health							
HQ Complex for the Agriculture Portfolio — ON	3.2	0.0	0.4	0.0	1.0	0.0	0.2
Level 3 Lab Construction — St. Hyacinthe, QC	3.8	0.0	0.3	0.0	0.0	0.0	0.0
Laboratory Expansion and Mid Life Retrofit — Saskatoon, SK	4.9	0.0	0.1	0.0	0.0	0.0	0.0
Mid Life Retrofit — Ottawa Lab (Fallowfield), ON	41.2	0.0	0.0	0.0	0.5	0.0	0.2
Structural Building Reinforcement — Lethbridge, AB	10.2	0.0	0.0	0.0	1.6	0.0	2.0
Level 3 Animal Wing Construction — Ottawa Lab (Fallowfield), ON	6.7	0.0	0.0	0.0	0.3	0.0	0.1
Plant Protection							
HQ Complex for the Agriculture Portfolio — ON	3.2	0.0	0.4	0.0	1.0	0.0	0.2
Mid Life Retrofit — Ottawa Lab (Fallowfield), ON	4.6	0.0	0.0	0.0	0.0	0.0	0.0
Construction of Laboratory — Sidney, BC	1.0	0.4	0.6	0.0	0.0	0.0	0.0

Table 9: Response to Parliamentary Committees, Audits and Evaluations for 2004–05**Response to Parliamentary Committees**

No recommendations were received from Parliamentary Committees over the 2004–05 fiscal year.

Response to the Auditor General

The CFIA was not the subject to any OAG performance audits during 2004–05.

External Audits or Evaluations

Health Canada — Food Safety Assessment Program — Development of a Logic Model and an Evaluation Framework of the Canadian Food Inspection Agency's Modernized Poultry Inspection Program (http://www.hc-sc.gc.ca/fn-an/securit/eval/reports-rapports/mpip_assessment_framework-pmiv_cadre_evaluation01_e.html)

Internal Audits or Evaluations

RMAF for Enhanced BSE **May 2004**

Procurement and Contracting Audit **October 2004**

Salary Management Audit **October 2004**

Post-mortem Review of Avian Influenza Outbreak **February 2005**

Feed Ban Review **February 2005**

Canadian Regulatory System for Biotechnology (CRSB) Formative Horizontal Evaluation **March 2005**

Safeguarding of Assets Audit **March 2005**

Table 10: Travel Policies**Treasury Board Secretariat Travel Policies**

The Canadian Food Inspection Agency follows and uses TBS Travel policies parameters.

3.3.2 Audited financial statements

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Canadian Food Inspection Agency (the "Agency") is responsible for the preparation of all information included in its financial statements and Annual Report. These reports are legislated requirements as per Section 23 of the *Canadian Food Inspection Agency Act*. The accompanying financial statements have been prepared in accordance with Canadian generally accepted accounting principles as per Section 31 of the *Canadian Food Inspection Agency Act*. Significant financial statement accounting policies are identified in note 2.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgement and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Agency's financial transactions. Financial information and operating data contained in the ministerial statements and elsewhere in the *Public Accounts of Canada* are consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded, and that transactions are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards, and managerial authorities are understood throughout the Agency.

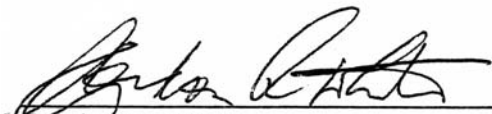
The Auditor General of Canada conducts an independent audit and expresses an opinion on the accompanying financial statements.



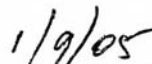
Richard B. Fadden
President



Date



Gordon R. White
Vice-President, Corporate Services



Date

3.3.2b Auditor's report





AUDITOR'S REPORT

To the President of the Canadian Food Inspection Agency and
the Minister of Agriculture and Agri-Food

I have audited the statement of financial position of the Canadian Food Inspection Agency as at March 31, 2005 and the statements of operations, equity of Canada and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sheila Fraser

Sheila Fraser, FCA
Auditor General of Canada

Ottawa, Canada
August 26, 2005

CANADIAN FOOD INSPECTION AGENCY

Statement of Financial Position

As at March 31
(In thousands of dollars)

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	2005	2004
Assets		
Current assets:		
Cash entitlements	\$ 42,666	\$ 53,999
Accounts receivable	16,811	8,324
Consumable supplies	1,103	934
	60,580	63,257
Property, plant and equipment (note 4)	180,491	180,340
	\$ 241,071	\$ 243,597

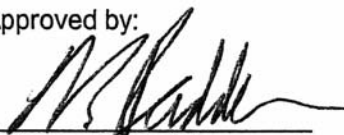
Liabilities and Equity of Canada

Current liabilities:		
Accounts payable and accrued liabilities	\$ 87,614	\$ 66,467
Vacation pay	25,092	24,195
Deferred revenue (note 5)	1,553	1,673
Current portion of employee severance benefits (note 6)	6,246	5,002
	120,505	97,337
Employee severance benefits (note 6)	60,899	58,794
Equity of Canada (note 7)	59,667	87,466
	\$ 241,071	\$ 243,597

Commitments and contingencies (note 10)

The accompanying notes are an integral part of these financial statements.

Approved by:



Richard B. Fadden
President



Gordon R. White
Vice-President, Corporate Services

CANADIAN FOOD INSPECTION AGENCY

Statement of Operations

Year ended March 31
(In thousands of dollars)

	2005	2004
Revenue:		
Fees, permits and certificates:		
Inspection fees	\$ 41,838	\$ 41,041
Registrations, permits, certificates	8,254	7,940
Miscellaneous fees and services	4,145	4,510
Establishment license fees	1,975	1,952
Grading	225	228
Other:		
Administrative monetary penalties	804	577
Interest on overdue accounts	62	30
Total revenues	57,303	56,278
Expenses:		
Operating and administration:		
Salaries and employee benefits (note 6)	442,030	424,363
Professional and special services	58,694	56,560
Travel and relocation	23,455	21,918
Amortization of property, plant and equipment	21,553	21,195
Accommodation	21,813	20,183
Utilities, materials and supplies	19,439	17,397
Furniture and equipment	13,448	10,968
Communication	7,804	7,286
Repairs	6,503	7,084
Equipment rentals	3,062	2,595
Information	1,726	1,432
Loss on disposal of property, plant and equipment	543	1,308
Miscellaneous	1,150	915
	621,220	593,204
Grants and contributions:		
Compensation payments (note 8)	72,659	8,920
Other	762	575
	73,421	9,495
Total expenses	694,641	602,699
Net cost of operations	\$ (637,338)	\$ (546,421)

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Equity of Canada

As at March 31
(In thousands of dollars)

	2005	2004
Equity of Canada, beginning balance	\$ 87,466	\$ 111,501
Net cost of operations	(637,338)	(546,421)
Parliamentary appropriations used (note 3):		
Operating	542,197	466,965
Capital	18,203	6,606
	560,400	473,571
Non-respendable revenue remitted to the Consolidated Revenue Fund	(940)	-
Services provided without charge by other Government departments (note 9)	48,018	48,815
Assets funded by other Government departments	2,061	-
Equity of Canada, ending balance (note 7)	\$ 59,667	\$ 87,466

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Statement of Cash Flows

Year ended March 31
(In thousands of dollars)

	2005	2004
Cash provided by (used for):		
Operating activities:		
Net cost of operations	\$ (637,338)	\$ (546,421)
Non-cash items:		
Amortization of property, plant and equipment	21,553	21,195
Services provided without charge by other Government departments	48,018	48,815
Loss on disposal of property, plant and equipment	543	1,308
Non-respendable revenue remitted to the Consolidated Revenue Fund	(940)	-
Net change in non-cash working capital	13,268	4,437
Increase in employee severance benefits	3,349	2,342
	(551,547)	(468,324)
Investing activities:		
Acquisition of property, plant and equipment	(20,560)	(14,114)
Proceeds from disposal of assets	374	578
	(20,186)	(13,536)
Financing activities:		
Parliamentary appropriations - operating	542,197	466,965
Parliamentary appropriations - capital	18,203	6,606
	560,400	473,571
Decrease in cash entitlements for the year	(11,333)	(8,289)
Cash entitlements, beginning of year	53,999	62,288
Cash entitlements, end of year	\$ 42,666	\$ 53,999

The accompanying notes are an integral part of these financial statements.

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements

Year ended March 31, 2005
(Tabular amounts in thousands of dollars)

1. Authority and purposes:

The Canadian Food Inspection Agency (the "Agency") was established, effective April 1, 1997, under the *Canadian Food Inspection Agency Act*. The Act consolidates all federally mandated food and fish inspection services and federal animal and plant health activities into a single agency.

The Agency is a departmental corporation named in Schedule II to the *Financial Administration Act* and reports to Parliament through the Minister of Agriculture and Agri-Food.

The mandate of the Agency is to enhance the effectiveness and efficiency of federal inspection and related services for food and animal and plant health. The objectives of the Agency are to contribute to a safe food supply and accurate product information; to contribute to the continuing health of animals and plants; and to facilitate trade in food, animals, plants, and related products.

The Agency is responsible for the administration and enforcement of the following acts: *Agriculture and Agri-Food Administrative Monetary Penalties Act, Canada Agricultural Products Act, Canadian Food Inspection Agency Act, Feeds Act, Fertilizers Act, Fish Inspection Act, Health of Animals Act, Meat Inspection Act, Plant Breeders' Rights Act, Plant Protection Act, and Seeds Act*.

In addition, the Agency is responsible for enforcement of the *Consumer Packaging and Labeling Act* and the *Food and Drugs Act* as they relate to food. The Agency is also responsible for the administration of the provisions of the *Food and Drugs Act* as they relate to food, except those provisions that relate to public health, safety, or nutrition.

The Minister of Health remains responsible for establishing policies and standards relating to the safety and nutritional quality of food sold in Canada. The Minister of Health is also responsible for assessing the effectiveness of the Agency's activities related to food safety.

Operating and capital expenditures are funded by the Government of Canada through budgetary lapsing authorities. Compensation payments under the *Health of Animals Act* and the *Plant Protection Act* and employee benefits are authorized by separate statutory authorities. Revenues received through the conduct of its operations are deposited to the Consolidated Revenue Fund and are available for use by the Agency.

The financial transactions of the Agency are processed through the Consolidated Revenue Fund. The Agency does not have its own bank account. The Agency's cash entitlements represent the amount that the Agency is entitled to withdraw from the Consolidated Revenue Fund, without further authority, in order to discharge its liabilities.

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 2

Year ended March 31, 2005
(Tabular amounts in thousands of dollars)

2. Significant accounting policies:

The financial statements are prepared in accordance with Canadian generally accepted accounting principles as required under Section 31 of the *Canadian Food Inspection Agency Act*. Significant accounting policies are as follows:

(a) Parliamentary appropriations:

The Agency is mainly financed by the Government of Canada through parliamentary appropriations. Parliamentary appropriations provided and used for operating expenditures as well as those for capital expenditures are recorded directly to Equity of Canada.

(b) Revenue recognition:

Revenues for fees, permits and certificates are recognized in the accounts based on the services provided in the year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. Revenue from external parties for specified purposes is recognized in the period in which the related expenses are incurred.

(c) Consumable supplies:

Consumable supplies consisting of laboratory materials, supplies and livestock are recorded at cost. The cost of the consumable supplies is charged to operations in the period in which the items are consumed.

(d) Property, plant and equipment:

Property, plant and equipment are recorded at historical cost or management's estimated historical cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Assets	Useful life
Buildings	20-30 years
Machinery and equipment	5-20 years
Computer equipment and software	3-10 years
Vehicles	7-10 years
Leasehold improvements	Lease term

Amounts included in assets under construction are transferred to the appropriate asset classification when completed and in use. These amounts are then amortized according to the Agency's policy.

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 3

Year ended March 31, 2005

(Tabular amounts in thousands of dollars)

2. Significant accounting policies (continued):

(e) Employee future benefits:

(i) Pension benefits:

The Agency's eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. Both the employees and the Agency contribute to the cost of the Plan. The Agency's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Agency.

The Agency is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

(ii) Severance benefits:

Eligible employees are entitled to severance benefits, as provided for under labor contracts and conditions of employment. The cost of these benefits is accrued as employees render the services necessary to earn them. These costs are calculated using information derived from the results of the actuarially-determined liability for employee severance benefits for the Government as a whole.

Employee severance benefits on cessation of employment represent obligations of the Agency that are normally funded through parliamentary appropriations when the benefits are paid.

(iii) Other future benefit plans

The federal government sponsors a variety of other future benefit plans from which employees and former employees can benefit during or after employment or upon retirement. The Public Service Health Care Plan and the Pensioners' Dental Service Plan represent the two major future benefit plans available to the Agency's employees.

The Agency does not pay for these programs as they fall under the federal government's financial responsibilities, but the Agency records its share of the annual benefits paid under these programs as a service provided without charge by other government departments. No amount is recorded in the Agency's financial statements with regard to the actuarial liability of these programs at year end nor in the annual increase of such liabilities.

(f) Vacation pay:

Vacation pay is expensed as the benefits accrue to employees under their respective terms of employment.

The liability for vacation pay is calculated at the salary levels in effect at the end of the year for all unused vacation pay benefits accruing to employees.

Vacation pay liability payable on cessation of employment represents obligations of the Agency that are normally funded through parliamentary appropriations when the benefits are paid.

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 4

Year ended March 31, 2005

(Tabular amounts in thousands of dollars)

2. Significant accounting policies (continued):

(g) Services provided without charge by other Government departments:

Estimates of amounts for employee benefits, accommodation and other services provided without charge by other Government departments are recorded as operating and administrative expenses by the Agency. A corresponding amount is credited directly to Equity of Canada.

(h) Measurement uncertainty:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Employee severance benefits, contingencies, the valuation of property, plant and equipment and amortization are the most significant items where estimates are used. Actual amounts could differ from the current estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

3. Parliamentary appropriations:

The Agency receives the majority of its funding through parliamentary appropriations, which is based primarily on cash flow requirements. Items recognized in the statement of operations and the statement of Equity of Canada in one year may be funded through parliamentary appropriations in prior and future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on a Canadian generally accepted accounting principles basis. These differences are reconciled below.

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 5

Year ended March 31, 2005

(Tabular amounts in thousands of dollars)

3. Parliamentary appropriations (continued):

(a) Reconciliation of net cost of operations to total parliamentary appropriations used:

	2005	2004
Net cost of operations	\$ 637,338	\$ 546,421
Less: items not requiring use of appropriations:		
Amortization of property, plant and equipment	(21,553)	(21,195)
Services provided without charge by other government departments	(48,018)	(48,815)
Loss on disposal of property, plant and equipment	(543)	(1,308)
	567,224	475,103
Proceeds from disposal of assets	(374)	(578)
Net changes in future funding requirements (note 7)	(27,950)	(15,068)
Non-respendable revenue remitted to the Consolidated Revenue Fund	940	-
Acquisitions of property, plant and equipment funded by operating appropriation	2,357	7,508
Funded by operating appropriations	542,197	466,965
Acquisitions of property, plant and equipment funded by capital appropriation	18,203	6,606
Total parliamentary appropriations used	\$ 560,400	\$ 473,571

(b) Reconciliation of parliamentary appropriations voted to parliamentary appropriations used:

	2005	2004
Parliamentary appropriations - voted:		
Vote 30 - Operating expenditures	\$ 434,972	\$ 423,976
Statutory contributions to employee benefit plans and compensation payments	132,537	66,479
	567,509	490,455
Vote 35 - Capital expenditures	28,319	20,001
	595,828	510,456
Less:		
Lapsed appropriation - operating	(25,312)	(23,490)
Lapsed appropriation - capital	(10,116)	(13,395)
	(35,428)	(36,885)
Total parliamentary appropriations used	\$ 560,400	\$ 473,571

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 6

Year ended March 31, 2005

(Tabular amounts in thousands of dollars)

4. Property, plant and equipment:

	2005			2004		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Land	\$ 3,331	\$ -	\$ 3,331	\$ 3,331	\$ -	\$ 3,331
Buildings	246,110	132,790	113,320	242,616	124,485	118,131
Machinery and equipment	55,355	24,371	30,984	50,210	21,706	28,504
Computer equipment and software	40,021	28,755	11,266	35,759	24,167	11,592
Vehicles	27,175	12,392	14,783	23,165	12,480	10,685
Assets under construction	3,804	-	3,804	5,503	-	5,503
Leasehold improvements	6,958	3,955	3,003	5,063	2,469	2,594
	<u>\$ 382,754</u>	<u>\$ 202,263</u>	<u>\$ 180,491</u>	<u>\$ 365,647</u>	<u>\$ 185,307</u>	<u>\$ 180,340</u>

The cost of net acquisitions totaled \$17,107,000 (2004 - \$6,268,000) during the year, including \$22,621,000 (2004 - \$14,114,000) of additions and \$5,514,000 (2004 - \$7,846,000) of disposals. The capital asset additions include capital assets funded by other Government departments with a cost of \$2,061,000 (2004 - \$0).

5. Deferred revenue:

The Agency conducts joint projects with external organizations related to food inspection and animal and plant health. Funds received from external organizations are administered through specified purpose accounts.

	2005	2004
Balance, beginning of year	\$ 1,673	\$ 1,924
Add: amounts received from external organizations	627	865
Less: revenues recognized in the year	(747)	(1,116)
Balance, end of year	<u>\$ 1,553</u>	<u>\$ 1,673</u>

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 7

Year ended March 31, 2005

(Tabular amounts in thousands of dollars)

6. Employee future benefits:

(a) Pension benefits:

The Agency and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Agency's contributions to the Public Service Pension Plan for the year totaled \$ 44,070,000 (2004 - \$ 43,244,000). The ratio of employer to employee contributions toward the Public Service Pension Plan is 2.6:1 (2004 - 2.6:1).

(b) Severance benefits:

The Agency provides severance benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Information about the plan, measured as at March 31, are as follows:

	2005	2004
Accrued benefit obligation, beginning of year	\$ 63,796	\$ 61,454
Cost for the year	8,399	6,199
Benefits paid during the year	(5,050)	(3,857)
Accrued benefit obligation, end of year	\$ 67,145	\$ 63,796
Short-term portion	\$ 6,246	\$ 5,002
Long-term portion	60,899	58,794
	\$ 67,145	\$ 63,796

(c) Other future benefit plans:

The Agency's share of benefits paid during the year for other future benefit plans and various provincial payroll taxes totaled \$25,618,000 (2004 - \$25,066,000) for its employees. The Public Service Health Care Plan and the Pensioners' Dental Service Plan account for a significant portion of these costs. This amount is reflected as a component of salaries and employee benefits expense in the statement of operations and as part of services provided without charge by other Government departments in the statement of Equity of Canada.

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 8

Year ended March 31, 2005
 (Tabular amounts in thousands of dollars)

7. Equity of Canada:

The Equity of Canada balance of \$59,667,000 (2004 - \$87,466,000) as at March 31 has been established by deducting \$120,824,000 (2004 - \$92,874,000), representing expenditures incurred by the Agency in the current and prior years for which parliamentary funding has yet to be voted. Significant components of these expenditures requiring future funding are employee severance benefits, vacation pay and pay retroactivity. These are normally funded through parliamentary appropriations only as they are paid.

8. Compensation payments:

The *Health of Animals Act* and the *Plant Protection Act* allow for the Minister, via the Agency, to compensate owners of animals and plants destroyed pursuant to the Acts. During the year, compensation payments incurred pursuant to the *Health of Animals Act* totaled \$72,659,000 (2004 - \$8,920,000). These payments pertained to the following diseases:

	2005	2004
Avian Influenza	\$ 67,793	\$ 2,400
Plum Pox Virus	3,133	119
Potato Wart	573	160
Scrapie	197	1,511
Bovine Spongiform Encephalopathy (BSE)	106	4,033
Other	857	697
	\$ 72,659	\$ 8,920

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 9

Year ended March 31, 2005

(Tabular amounts in thousands of dollars)

9. Related party transactions:

The Agency is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises. In addition, the Agency has several agreements with Agriculture and Agri-Food Canada related to the operation of its finance and administrative systems and some administrative activities with Health Canada related to the operations and maintenance of the Winnipeg Laboratory.

Also, during the year, the Agency received utilities, services and accommodation which were obtained without charge from other Government departments and agencies; the value of these services aggregated about \$48,018,000 (2004 - \$48,815,000).

The total value of services provided by related parties, including services provided without charge totaled \$107,246,000 (2004 - \$104,160,000) and are included as expenditures in the Statement of Operations. These services have been provided by the following departments and agencies:

	2005	2004
Public Works and Government Services Canada	\$ 42,082	\$ 41,182
Treasury Board of Canada, Secretariat	36,770	32,408
Agriculture and Agri-food Canada	6,941	10,763
Health Canada	5,962	5,422
Canada Customs and Revenue Agency	3,720	3,658
Department of Justice Canada	3,599	2,673
National Defence	3,046	4,681
Other	5,125	3,373
	\$ 107,246	\$ 104,160

Accounts payable and accrued liabilities include amounts payable of \$7,990,000 (2004 - \$5,107,000) for services provided by federal departments and agencies. The amounts receivable from related parties totaled \$10,739,000 (2004 - \$2,343,000) and are included in accounts receivable.

CANADIAN FOOD INSPECTION AGENCY

Notes to Financial Statements, page 10

Year ended March 31, 2005

(Tabular amounts in thousands of dollars)

10. Commitments and contingencies:

- (a) At March 31, 2005, the Agency had commitments relating to capital projects, operating leases and other agreements arising in the normal course of business. The minimum future payments are as follows:

	2006	2007	2008	2009	2010 and thereafter	Total
Capital projects	1,702	1,180	1,182	-	-	4,064
Operating leases	15	15	13	12	334	389
Other agreements	2,365	730	36	22	16	3,169
Total	4,082	1,925	1,231	34	350	7,622

- (b) The Agency is a defendant in certain cases of pending and threatened litigation which arose in the normal course of operations. The total determinable amount of claims has been estimated at \$370 million (2004 - \$258 million). The current best estimate of the amount likely to be paid in respect of these claims and potential claims has been recorded. Management believes that final settlement will not have a material adverse effect on the financial position or results of operations of the Agency.
- (c) During the year, the Agency continued to conduct environmental assessment of its potentially contaminated sites and carried out remedial actions where required. Remedial costs incurred during the year totaled \$235,000. The amount has been recorded as an expense in the Statement of Operations.
- (d) The Agency does not carry insurance on its property. This is in accordance with the Government of Canada policy of self insurance.

3.3.3 Cost recovery activities and revenues⁶⁶

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User Fee	Fee Type	Fee Setting Authority	Date Last Modified	2004–05			Performance Standard	Performance Result	Planning Years			
				Forecast Revenue (\$000)	Actual Revenue (\$000)	Full Cost (\$000)			Fiscal Year	Forecast Revenue (\$000)	Estimated Full Cost (\$000)	
Animal Health	R ¹	CFIA Act	1998	6,807	7,645	173,360	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Sections 2.3.1b and 2.3.3b	2005–06	7,488	89,869	
										2006–07	7,488	90,207
										2007–08	7,488	90,194
Plant Protection	R	CFIA Act	1998	4,865	6,060	82,400	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.3a	2005–06	5,352	55,079	
										2006–07	5,352	54,996
										2007–08	5,352	54,894
Meat Hygiene	R	CFIA Act	1998	21,442	22,444	216,069	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.1a	2005–06	23,586	173,369	
										2006–07	23,586	173,271
										2007–08	23,586	173,002
Dairy	R	CFIA Act	1998	1,080	1,159	10,559	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.1a	2005–06	1,188	8,456	
										2006–07	1,188	8,451
										2007–08	1,188	8,438
Fresh Fruit and Vegetable	R	CFIA Act	1998	4,273	4,219	31,181	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.1a	2005–06	4,700	24,161	
										2006–07	4,700	24,147
										2007–08	4,700	24,110
Processed Products	R	CFIA Act	1998	951	1,268	18,333	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.1a	2005–06	1,046	14,783	
										2006–07	1,046	14,775
										2007–08	1,046	14,752
Egg	R	CFIA Act	1998	1,046	1,110	12,514	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.1a	2005–06	1,151	10,180	
										2006–07	1,151	10,174
										2007–08	1,151	10,158

¹ R = Regulatory Fee⁶⁶ For more detailed information on the CFIA's User Fees, see www.inspection.gc.ca/english/reg/cfiaacia/feesfrais/feesfraise.shtml.

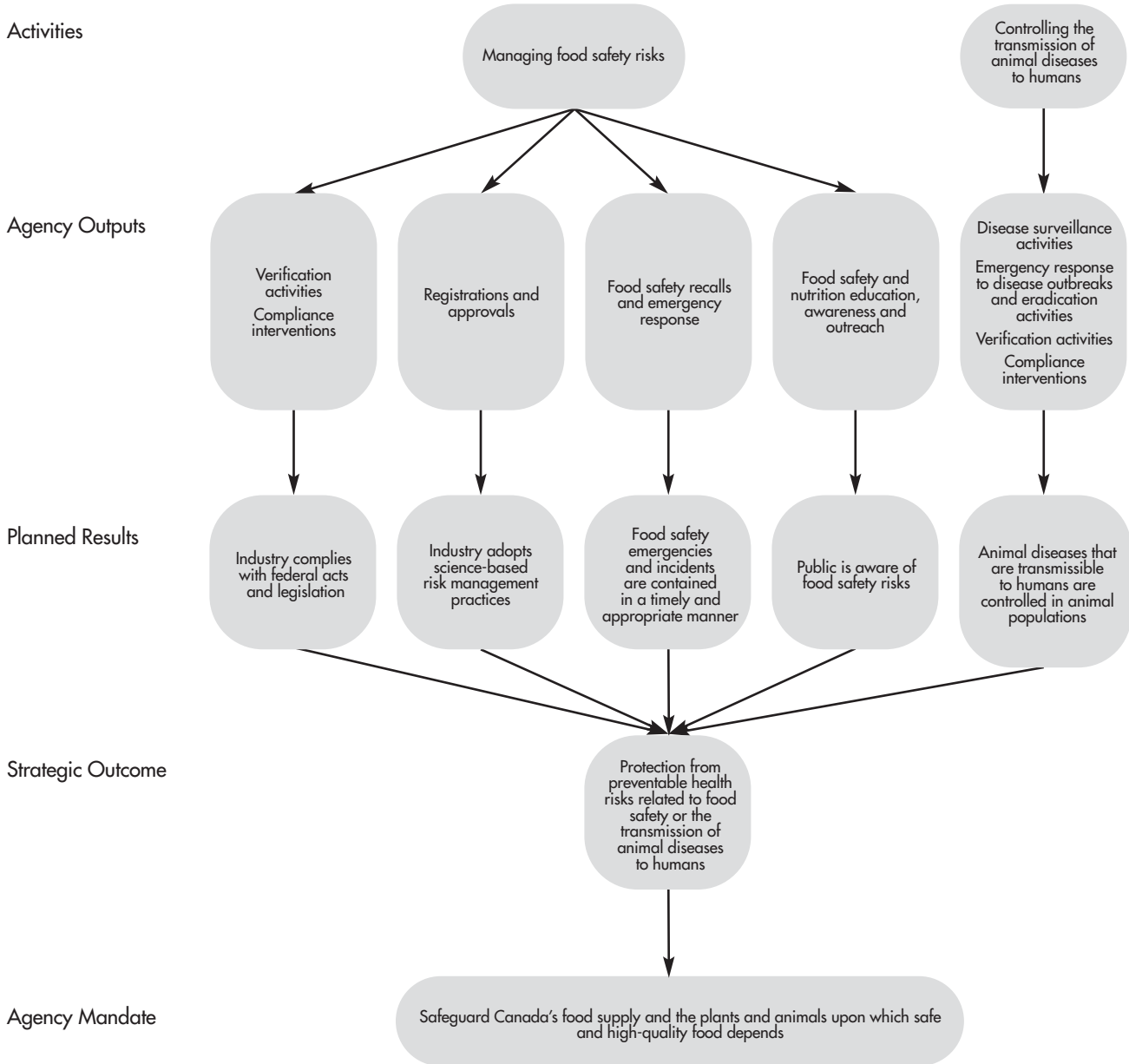
Cost recovery activities and revenues (cont'd)

User Fee	Fee Type	Fee Setting Authority	Date Last Modified	2004-05			Performance Standard	Performance Result	Planning Years			
				Forecast Revenue (\$000)	Actual Revenue (\$000)	Full Cost (\$000)			Fiscal Year	Forecast Revenue (\$000)	Estimated Full Cost (\$000)	
Fish	R	CFIA Act	1998	5,825	6,438	62,544	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.1a	2005-06	6,408	49,554	
										2006-07	6,408	49,526
										2007-08	6,408	49,449
Honey	R	CFIA Act	1998	83	93	2,493	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.1a	2005-06	91	2,021	
										2006-07	91	2,019
										2007-08	91	2,017
Seed	R	CFIA Act Plant Breeders' Rights Act	1998	2,554	3,060	14,121	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.2c	2005-06	2,809	9,281	
										2006-07	2,809	9,266
										2007-08	2,809	9,249
Food Safety	R	CFIA Act	1998	200	504	32,087	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.1a	2005-06	220	25,257	
										2006-07	220	25,242
										2007-08	220	25,204
Fair Labelling Practices	R	CFIA Act	1998	600	659	23,551	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.2c	2005-06	660	18,486	
										2006-07	660	18,476
										2007-08	660	18,448
Feed	R	CFIA Act	1998	193	186	11,872	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.3b	2005-06	212	6,474	
										2006-07	212	6,498
										2007-08	212	6,497
Fertilizer	R	CFIA Act	1998	81	154	3,557	Inspection activities are to be provided in accordance with corresponding federal regulations.	See Section 2.3.3a	2005-06	89	2,061	
										2006-07	89	2,058
										2007-08	89	2,054
Total				50,000	54,999	694,641			2005-06	55,000	489,031	
									2006-07	55,000	489,106	
									2007-08	55,000	488,466	

Part 4: Other Items of Interest

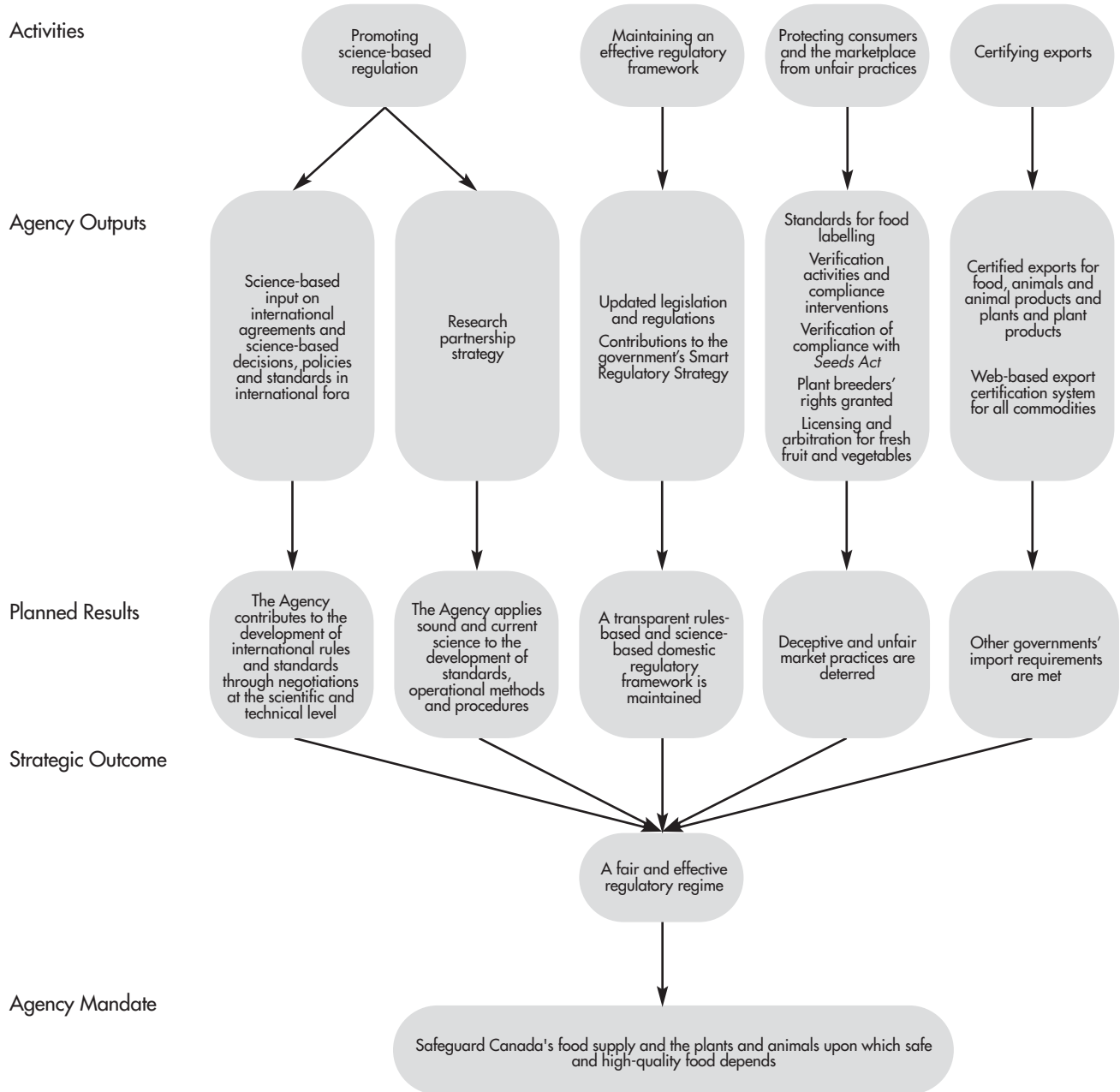
4.1 Logic Models

Strategic Outcome 1 — Protection from preventable health risks related to food safety or the transmission of animal diseases to humans

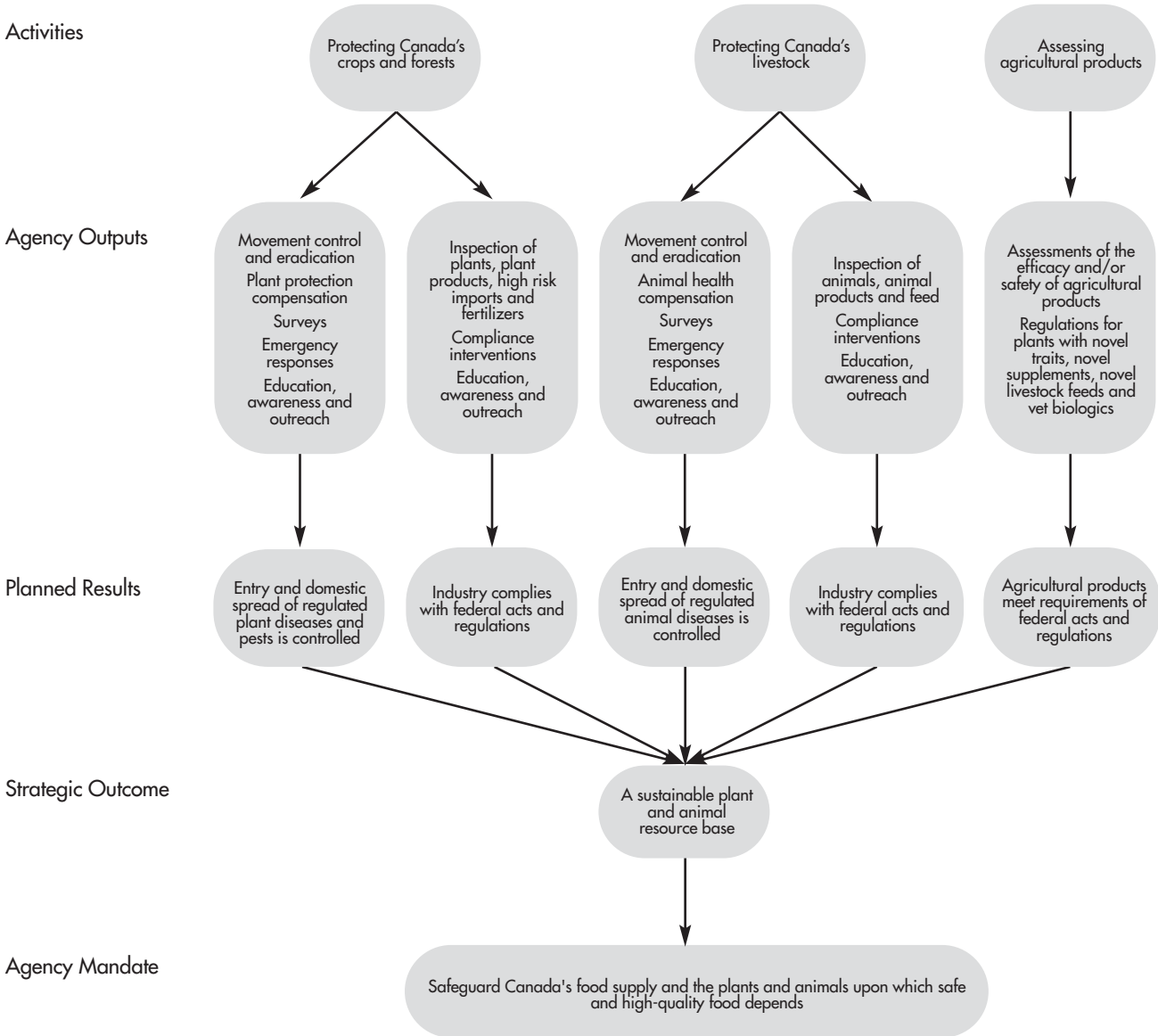


Strategic Outcome 2 — A fair and effective regulatory regime

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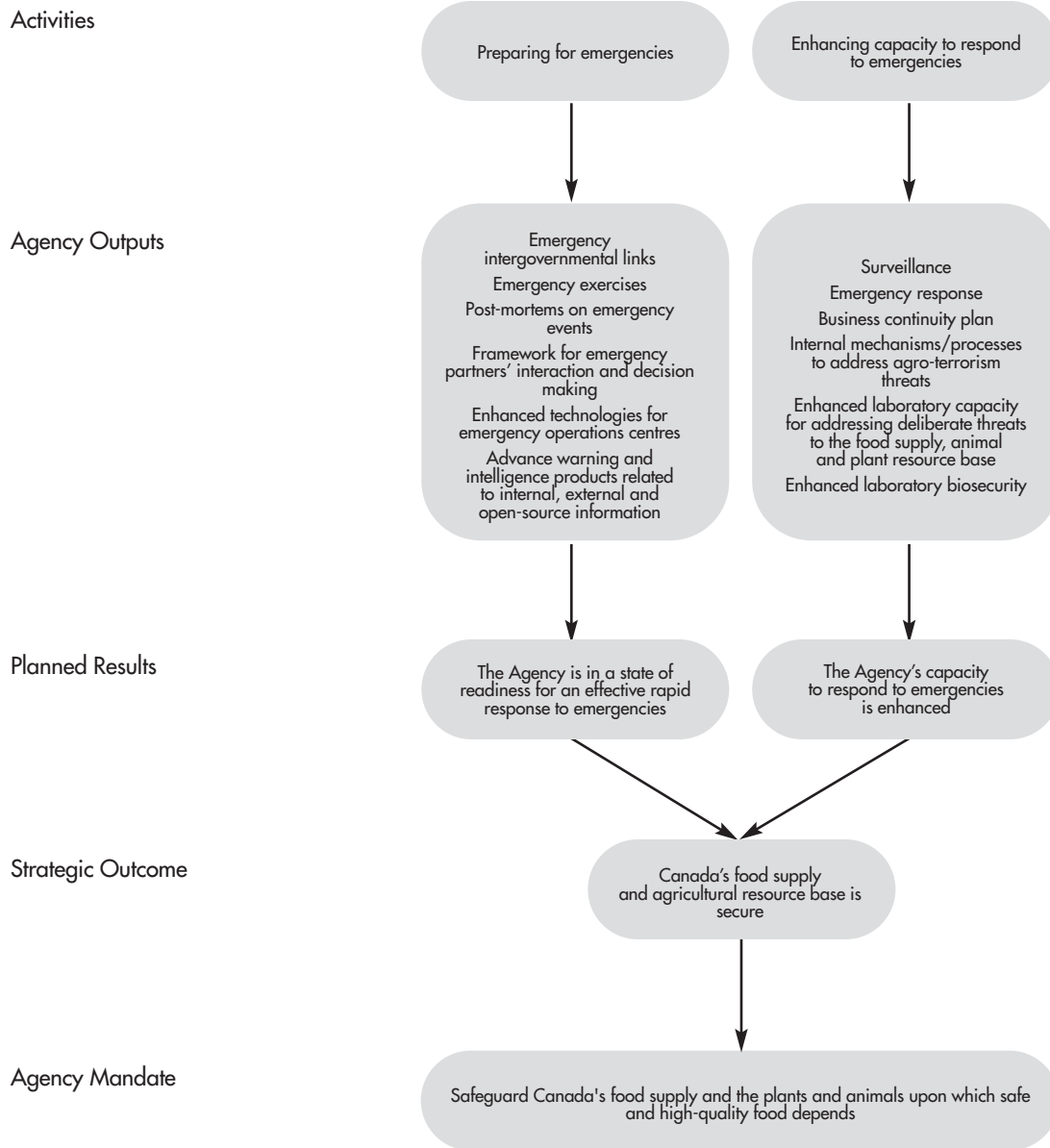


Strategic Outcome 3 — A sustainable plant and animal resource base



Strategic Outcome 4 — Canada's food supply and agricultural resource base is secure

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Activities

Agency Outputs

Planned Results

Strategic Outcome

Agency Mandate

Preparing for emergencies

Enhancing capacity to respond to emergencies

Emergency intergovernmental links
Emergency exercises
Post-mortems on emergency events
Framework for emergency partners' interaction and decision making
Enhanced technologies for emergency operations centres
Advance warning and intelligence products related to internal, external and open-source information

Surveillance
Emergency response
Business continuity plan
Internal mechanisms/processes to address agro-terrorism threats
Enhanced laboratory capacity for addressing deliberate threats to the food supply, animal and plant resource base
Enhanced laboratory biosecurity

The Agency is in a state of readiness for an effective rapid response to emergencies

The Agency's capacity to respond to emergencies is enhanced

Canada's food supply and agricultural resource base is secure

Safeguard Canada's food supply and the plants and animals upon which safe and high-quality food depends